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Cotton

UNITED STATES DEPARTMENT OF AGRICULTURE
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WORLD COTTON PROSPECTS

Summary

During the first 5 months of the 1932-33 season domestic consumption of American cotton was 7 per cent above the like period last season. Barring a recurrence of such an acute financial and business situation as that which depressed cotton consumption 43 per cent from March to July last season, the increase over last season should become greater as the season advances. Foreign consumption of American cotton has also been running above last season so that world consumption of American cotton in 1932-33 might easily show a material increase over 1931-32. The increase in foreign consumption of American cotton reflects primarily the larger proportions of American being used, although in some countries total consumption has also been running above last season.

Judging from the present estimate of production outside the United States, the total supply of foreign cotton for the 1932-33 season is about the same as the small supply in 1931-32. The supply of American, on the other hand, is only slightly less than the record supply of last season. It is expected, therefore, that conditions will continue favorable to the use of American for the remainder of the season. The low prices of American as compared with the prices of foreign largely explain why exports of American from August to December this season have been even larger than the large quantities of last season, and exports of Egyptian and Indian have each been about one-fourth less than during the first 5 months of 1931-32.

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Prices 6

On January 27 middling 7/8 inch cotton averaged 6.02 cents per pound, which was 0.30 cents per pound above the average a month earlier, but 0.23 cents below the same date in 1932. During most of December and January, prices have been approximately at the levels of last season. The average for December

was 5.72 cents compared with an average of 5.78 cents during December, 1931. For the season to date, spot prices of American have averaged considerably above last season.

The price of Indian cotton at Liverpool has averaged about 90 per cent of the price of American so far this season, which is about the same as the average for last season, but 12 per cent higher than the average for the past 10 years. With the total supply of Indian cotton this season as small as last and the supply of American still almost at record levels, the situation points to a continued relationship favorable to the use of American for several months to come.

Stocks and Movement

World supply of American cotton

With the present estimate of the domestic crop at 12,700,000 bales the world supply for this season is estimated at 25,700,000 bales. This is only 300,000 bales less than the record supply of last season and is 2,200,000 bales greater than the large supply of 1926-27. The supply for 1932-33 is considerably larger than total world consumption of American in 1930-31 and 1931-32 combined and more than twice last season's increased consumption. The carry-over constitutes the largest part of this supply and accounts for the fact that the supply is only slightly smaller than in 1931-32 despite the decrease of 4,400,000 bales in the 1932 crop.

Present indications are that the world consumption of American cotton in 1932-33 will be somewhat larger than in 1931-32. It is not likely, however, that it will be sufficient to greatly change the amount carried over into next season.

World supply of foreign cotton

Reports on crop prospects in foreign countries received thus far this season indicate that foreign production in 1932-33 will be around 11,300,000 bales of 478 pounds, or an increase of 900,000 bales over the previous season. The carry-over of foreign cotton at the beginning of the season, however, has been estimated at 800,000 bales less than at the beginning of 1931-32 so that the world supply will not be greatly different from that of last season.

Exports of American cotton

During December domestic exports totaled 1,040,000 running bales which was 143,000 bales less than in December, 1931, but considerably larger than in December of the 2 previous years. For the 5 months August-December total exports amounted to 4,246,000 bales compared with 4,037,000 bales in the like period last season. France and Germany have shown the greatest increases over last season although practically all European countries have been taking larger amounts than in 1931-32. Total exports to China so far this season have decreased more than 500,000 bales due largely to the larger Chinese crop. Other countries have shown little change compared with the first 5 months of 1931-32.

Exports of foreign cotton

Although the 1932-33 Indian crop has been estimated at about 600,000 bales, or 18 per cent, larger than last season, exports from August-December were 25 per cent less than during the first 5 months of 1931-32 and 60 per cent less than during the like period of 1930-31. The new crop, however, does not usually begin to move in significant quantities until December. The fact that the world supply of Indian cotton for 1932-33 is no larger than last season due to the decrease in the carry-over explains why prices of Indian relative to American continue about as favorable to the use of American as in 1931-32. As the small supply of Indian cotton is the basis for this situation it will tend to restrict Indian exports during the remainder of the season.

Exports of Egyptian cotton for the first 5 months this season totaled about 318,000 running bales (of approximately 750 pounds) a decrease of 27 and 14 per cent respectively compared with the like periods of 1931 and 1930. These small exports also reflect the relatively high prices in comparison with American. The 1932 Egyptian crop is estimated at 32 per cent less than 1931-32 and is the smallest since prior to 1895-96. It is less than half as large as in 1929-30. The supplies of the longer staple American cotton on the other hand are at record levels.

Textile Situation

United States

Domestic cotton consumption in December totaled 440,000 running bales compared with 415,000 bales in December, 1931, and 406,000 in December, 1930. As usual, consumption in December was less than in November, but was 58 per cent above that of last July. For the 5 months August to December, consumption amounted to 2,340,000 bales, an increase of 149,000 bales or 7 per cent over the like period last season and 330,000 bales or 16 per cent over the first 5 months of 1930-31. In view of the very sharp decline in domestic consumption last spring and summer (equivalent to 43 per cent from March to July) due to the acute financial situation, it is expected that domestic consumption during the remainder of the season will show larger increases over a year earlier than during the first 5 months.

Sales of cotton cloth showed further increases in December and were equal to 109.9 per cent of production. Sales per week in December averaged 64,263,000 yards the highest for any months since January, 1932, with the exception of last August when sales, under the stimulus of advancing cotton prices reached record levels. Shipments of cloth increased slightly during the month, but were less than production, resulting in an increase of 7.2 per cent in stocks. Unfilled orders increased 12.9 per cent during December, and on December 31, were the largest for that date since 1929. Stocks at the end of December were the smallest for that date on record, data being available back to 1927.

Great Britain

Cotton textile mills in Great Britain have apparently been operating at somewhat lower levels in recent weeks than a year earlier although the amount of American cotton being used is larger. So far this season British

mills have been using considerably larger proportions of American cotton than during either of the two previous seasons.

Exports of piece goods from Great Britain increased materially in December totaling 195,800,000 square yards compared with 159,200,000 square yards in November and 138,400,000 in October. As compared with the same month in 1931 and 1930 the December 1932 piece goods exports showed an increase of 31 per cent and 50 per cent respectively. Reports at mid-January stated that yarn and cloth sales were running below current production with fewer sales to India.

The Cotton Textile Outlook in Continental Europe 1/

For the first time since 1928, continental European mill consumption of all cotton was larger in 1932 than in the previous calendar year, and 1933 has opened with prospects of further expansion. This upturn resulted from a widespread revival of confidence and buying activity in the European cotton industry and cotton trade during the last half of 1932, following the reaching of record low cotton prices in mid-year. The year closed with a quieter tone, but with cotton manufacturers and merchants looking forward with some optimism and showing some interest in speculative and investment buying of raw material and goods in anticipation of eventual improvement in general economic conditions and consumer demand.

The New Year opens with the statistical position of the cotton textile industry on the Continent but little changed from that of a year ago. Stocks of raw material and of cotton yarn and cloth in trade channels continue below normal, and for the Continent as a whole apparently about on a level with or slightly above those of last year at this time. Stocks of both cotton and cotton goods seem to be a trifle higher than last year in central Europe, but lower in western and southern European countries. Cotton mill activity, after receding during the first half of 1932, has now climbed back to about a level with or slightly above last year's operations at this time, but is still approximately 15 to 17 per cent below the average level of the past 7 or 8 years. Large proportions of American cotton are being used, however, so that the consumption of American is relatively higher than the general level of mill activity. Cotton textile production now seems to be running slightly above current retail distribution, but only to a moderate degree, and to an extent which is considered justified by manufacturers at present raw material price levels, with optimism growing as to general business recovery during the course of 1933.

The European industry itself is in a sound position for expansion, and is favored by low prices of raw material, a steadily easing credit situation, accumulated consumer requirements, some indications of a relaxation of measures restricting trade, growing confidence, and prospects that various international problems will find at least some settlement in the next few months. The outlook, therefore, is one that seems to provide a basis for at least moderate speculative and investment buying of cotton and cotton goods by manufacturers and the distributing trade to refill stocks during the first half of 1933, with the possibility of a marked acceleration in buying should general business activity and employment materially improve. While a genuine betterment in consumer purchasing power is definitely required for a sustained revival in cotton goods buying, the small stocks of textiles in the hands of retailers and wholesalers has resulted in a rather large accumulation of requirements that will need to be covered should consumer demand increase very much.

1/ Based largely on a report from Agricultural Attache L.V. Steere at Berlin, Germany part of which was prepared and mailed January 5 and the remainder on January 9.

The trend of raw cotton prices will probably be an important factor in determining the character of merchant and mill buying of raw material as well as trade buying of goods during the next few months. With the American cotton crop now harvested, and values little affected by the large increase in the latest estimate, cotton prices in coming months should be very sensitive to demand conditions, i.e., to developments in the outlook for general business recovery. The current level of raw material and cotton goods prices undoubtedly offers a favorable opportunity for the replenishment of stocks if consumer demand is going to improve later in the year, so that European manufacturers and distributors will undoubtedly be watching the movement of general business with unusually close attention in the next few months.

The continental cotton industry in many countries has suffered in 1932 from increased competition due to foreign currency depreciation, notably in England and Japan, and will doubtless continue to feel this factor in 1933, yet total continental consumption of cotton does not seem likely to be greatly influenced by it. With the supply of Indian cotton again small this season and the supplies of American still almost at record levels the indications are that the consumption of American cotton will continue relatively higher than the consumption of all kinds. Competition from wool, silk and other fibers promises to be of no more than usual importance.

Review of 1932

The year 1932 opened with the continental cotton industry at depression levels, with pessimism general despite some signs of hope in western and southern Europe. The first half of the year, except for occasional sporadic revivals in mill sales and raw material buying, was marked by further recession, with a low point reached in midsummer. The generally critical economic situation and the tense financial position of central Europe, together with declining prices of raw material, were the principal factors in the continued recession. The Lausanne Conference had only a temporarily stimulating influence for the better.

A decided improvement set-in during August, however, with the sharp advance in the raw cotton market, which had the effect of greatly stimulating speculative buying not only of raw cotton, but also of cotton yarn and fabrics by the distributing trades. Mill operations immediately began to rise and reached comparatively high levels within a period of a few weeks. The reaction in raw material prices which set-in in September and continued until the end of the year has interrupted subsequent buying of raw cotton, but mill business in yarns and cloth has shown striking resistance. The higher level of occupation reached in cotton manufacturing plants has been relatively well maintained up to the close of the year, when the position of the continental cotton industry, as a whole, may be regarded as relatively satisfactory with respect to incoming orders, though margins continue to leave little profit. Raw material buying has been of only fair volume during the recent weakness in prices, but price-fixing has reached considerable proportions whenever prices have approached the 6 cent level.

The Outlook for American cotton

The conclusion that continental mill consumption of raw cotton in 1933 will probably be above that of 1932, applies to American cotton in particular, as well as to raw cotton in general. The percentage of total

continental consumption which American cotton constitutes is largely determined by the price relationship of American to other staples. This relationship in turn is of course largely determined by the size and quality of the crops in the major producing countries.

The large 1931 crop of American cotton coincided with a small crop of Indian cotton, which caused prices of Indian cotton to rise considerably in relation to American during the season 1931-32, and resulted in a drastic fall in continental consumption of Indian growths. In 1931-32, the use of Indian cotton for the first time fell below consumption of Egyptian, the takings of which have not been curtailed by the economic crisis. Continental consumption of Egyptian cotton, in fact, has risen considerably in the past 10 years, an increase which coincides with a considerable fall in the price of Egyptian Uppers in relation to American cottons.

The outlook for the remainder of 1932-33 is that the relationship between American and Indian cotton will probably continue favorable for the former. The much smaller American crop of 1932 coincides with a larger production in India although the relative supplies of the two are not greatly different this season due to the smaller carry-over of Indian and the much larger carry-over of American.

Table 1 shows the development of prices and the consumption of Egyptian and Indian cotton on the Continent since 1925-26.

Table 1.- Continental mill consumption of Indian and Egyptian cotton in relation to American

Season	Consumption 1/ of: American	Indian	Egyptian	Average price Nov.-Mar.: Of Indian in percentage of American 1/	Of Egyptian Uppers in percentage of American 2/	Consumption 1/ of: Indian in percentage of American	Egyptian in percentage of American
	1,000 bales 3/	1,000 bales 3/	1,000 bales 3/	Per cent	Per cent	Per cent	Per cent
1925-26	3,952	858	425	81	118	22	11
1926-27	4,437	692	485	91	119	16	11
1927-28	4,680	778	478	85	117	17	10
1928-29	4,239	924	506	77	103	22	12
1929-30	3,772	1,010	537	72	100	27	14
1930-31	3,190	881	552	78	98	28	17
1931-32	3,343	538	600	99	97	16	18

1/ Average quotations for American seed, Broach, Oomra, and Scindh at Bremen.
2/ Egyptian Uppers at Liverpool and American 1-1/16 inch, at Bremen.
3/ Approximately 500 pounds.

Germany

Following a year of drastic curtailment of cotton textile output in 1931. German production in 1932 suffered no further restriction, but, for the year as a whole, may even have experienced a slight increase. Up to the

middle of the year business continued uncertain, but the upward surge in raw cotton prices during August gave a great stimulus to the cotton trade and to buying, both of raw cotton and textile products. Although the renewed decline in the raw market subsequently has seriously interfered with new business for the trade and the mills, a strong tendency to maintain the new levels of activity has thus far prevailed.

The outlook for the German cotton industry in 1933 is relatively favorable, although maintenance of satisfactory levels of production throughout the year will require at least partial fulfillment of the hopes for gradual improvement in the general business situation. The industry enters 1933 with the stock situation for raw material and manufacturing goods generally sound, following a steady decline from 1929 until the summer of 1932, as a result of consumption in excess of mill output plus imports. There appears to have been some rise in the stocks of raw cotton and cotton goods combined during the second half of 1932 because of increased imports in manufactures, coincident with a sharp decline in retail distribution, but stocks nevertheless still appear to be below normal, so that there seems to be room for some production and buying to refill stocks to meet anticipated improvement in demand.

Czechoslovakia

From the standpoint of raw cotton consumption the year 1932 was the most unfavorable year since 1923 for the Czechoslovakia cotton textile industry. The outlook for 1933 is not very encouraging because of the heavy dependence of the Czechoslovakian cotton industry on foreign outlets, which promise to continue sharply reduced by trade restrictions for some time to come, though some betterment is expected. Although some loosening of such restrictions is being attempted, marked results can hardly be expected before the latter half of the new year.

1932 was a year of continued recession in cotton mill sales and activity in Czechoslovakia. Raw cotton imports from January to October 1932 amounted to only 285,000 bales of 478 pounds as compared with 332,000 bales in the poor year 1931, 410,000 in 1930 and 505,000 in 1927. Cotton yarn exports in 1932 will probably not exceed 26,455,000 pounds as compared with 36,834,000 pounds in 1931 and 62,450,000 in 1927. Exports of cotton cloth, which are even more important for the Czechoslovakian industry, have fallen to an even greater extent and will probably not exceed 24,251,000 pounds in 1932, against 51,808,000 last year and 96,564,000 in 1927.

Austria

1932 was also a very unfavorable year for the Austrian cotton industry, notwithstanding an increase of about 10 per cent in raw cotton consumption during the cotton year ended July 31. Conditions have not deteriorated to the extent evident in Czechoslovakia because of Austria's smaller dependence on export outlets for textile goods, yet some advantage in this very direction has accrued from a certain stimulus to exports based on currency depreciation as well as the restrictive effect of such depreciation on Austria's ability to buy cotton goods from other countries. 1932, therefore, was slightly more favorable than 1931 for the Austrian cotton industry.

Mill activity took a somewhat less favorable turn in the closing months of 1932, as compared with a year earlier, although operations in the middle of the year were still higher than in 1931. The outlook for 1933 is not very promising, but some betterment may come about if financial and economic conditions improve, as is anticipated, and should raw material prices show a stronger tendency. The basic weakness of Austrian national economy continues, however, to be an important obstacle to the development of sound conditions in the Austrian cotton textile situation.

Austrian net imports of raw cotton in 1932, January to October, amounted to 85,000 bales, as compared with 77,000 in the same period of 1931 and 107,000 in 1929.

France

The year 1931 was one of exceptional crisis and contraction of operations in the French cotton industry. 1932 witnessed recovery and consolidation, particularly in the latter half of the year. Prospects for 1933 are for a continuance of the improvement achieved since last August.

The year 1932 began with extremely low levels of sales and mill production, unprecedented since the years immediately after the war. Stocks of cotton yarn and cotton goods had risen to much above normal, and unfilled orders had fallen to half and even one-third of the orders usually on hand in times of good business. In view of the high and almost stable level of cotton textile production in France in recent years, the violence of the drop in 1931 came as a great surprise. This situation prevailed throughout the early part of the year, but a turn for the better made its appearance in the spring, and no further recession occurred. Real improvement developed in connection with the rise of raw material prices in August, and since that time mill activity has risen considerably in both the spinning and weaving establishments; stocks have declined, and unfilled orders have increased substantially. The industry again appears to have regained a position of balance between output and sales possibilities.

French imports of raw cotton for the year 1932 will probably amount to about 1,153,000 bales of 478 pounds as compared with 1,075,000 in 1931, 1,259,000 in 1930 and 1,697,000 in 1929. Although the figures for 1932 are very low, they show an upturn as compared with 1931, and have been particularly above 1931 during the last half of 1932. Unless there is an unexpected change, the 1933 imports should be materially larger than those of 1932.

Belgium

The unsatisfactory conditions prevailing in the Belgian cotton textile industry in 1931 continued in an aggravated form throughout the first half of 1932. At that time, however, the rise in raw material prices, coupled with an improvement in the demand for finished goods for the home market brought about a rather marked revival in sales and in mill activity. The outlook for 1933 is now regarded with somewhat more optimism, and it seems very likely that mill consumption of raw cotton will reach higher levels in the new year than was the case in 1932, when takings were probably the smallest since 1924.

Italy

The situation in the cotton textile mills of Italy during the first half of 1932 was one of continuously low activity in both sales and production, but there was little tendency toward further deterioration, aside from a lull in the middle of the year. The fall and winter has brought real improvement, with generally increasing business and rising mill activity. The volume of unfilled orders held by spinners has risen, and is now slightly higher than at any time since early 1930. Yarn stocks continue low. The outlook for 1933 is for further improvement, though this may develop slowly unless general business picks up.

Net imports of raw cotton into Italy during January-September, 1932, were 664,000 bales, as compared with 590,000 bales for the same period 1931. The full year 1931 showed net imports of 784,000 bales; 1930 945,000 bales, and 1929 1,125,000 bales.

Poland

The year 1932, despite some organization achievements in the Polish cotton industry which brought temporary improvement during the summer, has continued one of severe depression for textiles. The agricultural crisis, which has affected Poland more than many other continental countries because of her dependence on exports, has greatly impaired the outlook, even for 1933, and such improvement as may take place seems likely to be limited. Stocks of winter goods seem to be rather high, despite the production curtailment policy of the spinners' trust in recent months.

Raw cotton imports into Poland during January-November, 1932, amounted to 210,000 bales, as compared with 228,000 in 1931. Net imports for the full year, 1931, were 251,000 bales, against 259,000 in 1930 and 282,000 bales in 1929.

Polish cotton mill consumption of raw cotton decreased in 1931-32, falling to only about 55 per cent of what it was in the record year of 1927-28.

Russia

The Russian cotton textile industry has apparently been able to increase production to some extent in 1932 as a result of the larger supplies of domestic cotton available from the 1931 crop. Cotton fabrics production during the year apparently amounted to about 2,548,088,000 yards as compared with 2,456,226,000 yards in 1931, or an increase of about 4 per cent but the plan for 1932, which called for a cloth output of 3,347,510,000 yards was far from being attained.

As to the 1933 cloth output plan of 4,068,192,000 yards, it can be regarded as a foregone conclusion that it will not be carried out. The largest output yet claimed was only 3,188,938,000 yards in 1929. The 1932 domestic cotton crop, upon which the 1933 textile output will be largely based, is probably only slightly above the 1931 crop, and there is no reason to believe that the deficiency will be made up through increased importation, although net imports of raw cotton during the first 6 months of 1932 amounted to 74,000 bales of 478 pounds against net exports of 50,000 bales in the first half of 1931, whereas for the full year 1931 net cotton imports amounted to

63,000 bales as compared with 220,000 bales in 1930. Some 1933 crop cotton will be available in the last months of the year, but even this is unlikely to affect cloth output greatly.

Russian press comment on the failure of the cotton industry to attain its 1932 plan continues to mention personnel turnover, shortage of fuel and supplementary supplies as important factors, but even more important causes would seem to be found in inadequate raw material supplies and actual shortage of manufacturing capacity, even though labor discipline is generally admitted to have slackened markedly in the past year. There is much reason to anticipate that difficulties of the type mentioned above will not be overcome in 1933 to a degree sufficient to enable execution of the 1933 cotton textile plan, even if enough raw material were available to cover the requirements of the plan. It seems likely that the plan will be revised.

The following tabulation shows the development of Russian cotton fabric production from 1926 to date, and figures on the mill consumption of cotton during the same period:

Cloth Production

	Actual Million yards	Cotton equivalent 1/ 1,000 bales of 478 pounds
1926	2,330	1,385
1927	2,586	1,537
1928	2,842	1,689
1929	3,189	1,895
1930	2,466	1,466
1931 .....2/	2,456	1,460
1932 .....3/	2,548	1,515
1933 plan ..	4,068	2,418

1/ Calculated on basis of 650,000 bales of 478 pounds equivalent to 1,000,000,000 meters of cotton cloth or about 593,000 bales to 1,000,000,000 yards.
2/ "Economics of USSR", March-April, 1932; the figure of 2,282,000 yards has also been received through a German source.
3/ Preliminary, on basis of incomplete data.

Japan

Cloth exports from Japan continued at almost record levels during December and were more than twice as large as in December 1931, according to a preliminary report. For the first 5 months this season they were about 75 per cent greater than in the like period of 1931-32.

Due largely to the heavy exports of cotton fabrics, yarn production from August to December this season has been maintained at levels considerably above the like period of the past 2 seasons. With larger proportions of American cotton being used so far this season than in previous seasons, the consumption of American cotton during this period was no doubt the largest on record for the corresponding period. Exports of cotton from the United States to Japan during the first 5 months of the season were almost as large as the record quantity exported there during the like period last season.

This indicates that large proportions of American will continue to be used for some time to come.

China 1/

Chinese mills in Shanghai at mid-January were operating at rates near normal and Japanese mills at about 15 per cent below normal. Mill activity in China during recent months was apparently about the same as a year earlier, although the consumption of American cotton has been running below a year ago. Reports from the Chinese cotton trade indicate that during October and November, mills in China consumed about 417,000 bales of raw cotton compared with 424,000 bales during the same months of 1931. Consumption of American during these 2 months was estimated at 105,000 bales this season and 147,000 bales in 1931-32, whereas, the amount of Chinese cotton increased from 155,000 bales in October and November last season to 308,000 bales this season. For the first 4 months of the season consumption of American cotton is said to have been around 264,000 bales. This is at a considerable higher rate than is possible for the remainder of the season unless imports of American cotton into China pick up materially, for stocks of American cotton there have been declining rather rapidly. Since China's large takings of American cotton last season was due largely to the short Chinese crop it is to be expected that the consumption of American cotton in China will be less than in 1931-32 since their crop this season is something like 600,000 bales larger.

Acreage, Production, and Crop Prospects

1932-33 production

No material change in the 1932-33 cotton production prospects has been reported during the past month so that world production is still estimated at 24,000,000 bales of 478 pounds which is 3,500,000 bales less than the estimate of last season and the smallest since 1927-28. Production outside the United States is expected to total about 11,300,000 bales or 900,000 bales more than in 1931-32, but less than in any of the 3 years, 1928-29 to 1930-31.

Acreage indications for 1933-34

Russia - Present reports state that Soviet authorities plan no further expansion of the cotton acreage in Russia for the year 1933, but that efforts will be concentrated upon increasing the yields, according to Agricultural Attache L. V. Steere at Berlin. A number of factors are said to have motivated this decision of the Government, but the chief one has probably been the marked declines in yields since 1927-28. The yield in 1931-32 has been estimated at 166 pounds per acre compared with 257 pounds in 1927 or a decrease of 65 per cent. Other factors no doubt influencing the authorities decisions include the steadily increasing obstacles encountered, both of a natural and physical character (and possibly also political) in its efforts to expand cotton acreage. The plan calls for an increase of at least 15 per cent in cotton yields for the whole of Russia with an increase of as much as 20 per cent in some regions.

1/ Based largely on a cabled report from Agricultural Commissioner Dawson at Shanghai dated January 14.

Although a part of the decrease in yields has no doubt been due to concentration of attention on acreage expansion and the neglect of yield factors, it seems evident that the obstacles to be overcome in increasing yields are greater than those encountered in expanding acreage. One important situation which will tend to hold yields below previous years is the fact that the present area includes a considerable amount of acreage in new regions which is not irrigated and where growing conditions are less favorable.

Egypt - The cotton acreage in Egypt in 1932 decreased 35 per cent as compared with 1931 a considerable part of which was no doubt due to the law restricting acreage. The restrictions have virtually been removed so far as the 1933-34 acreage is concerned so that some increase may be expected, although acreage in 1933-34 will likely be less than in 1931-32.

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WORLD COTTON PROSPECTS

Summary

Although exports of American cotton have been slightly less than a year earlier in 4 of the first 6 months of the current season the total for the half year was still above the first half of 1931-32 and were the largest for a like period since 1928-29. Domestic mill consumption of American cotton has been above last season in 5 of the first 6 months of the season, so that for the half year domestic consumption has been 7 per cent above the corresponding period of last season and 14 per cent above that of August - January, 1930-31. Total disappearance of American cotton from the United States for the first half of the season therefore, has been 269,000 bales or 4 per cent above the similar period of last season, and 938,000 bales or 14 per cent above the first half of 1930-31. This in addition to a substantially smaller domestic crop accounts for the decrease of slightly more than 1,100,000 bales in the apparent supply of American cotton remaining in the United States on January 31, 1933 as compared with a year earlier, despite the fact that the carry-over in the United States at the beginning of the season was 3,300,000 bales larger than on August 1, 1931.

Foreign mill consumption was on the whole somewhat above a year earlier during the first few months of the season and considerably above the low point reached last summer. For the past few weeks, however, reports indicate that activity has shown a slightly downward trend, with sales running below production. In Europe particularly much larger quantities of American cotton have been used so far this season due both to increased activity and to the use of larger proportions of American. The exports

from the 1932-33 Indian crop which began a few weeks ago are running above last year and have resulted in a slightly less favorable price parity for American cotton in most markets. This may slightly decrease the proportion of American cotton consumed during the last half of the season but the relative amount of Indian cotton will still be small in comparison with previous years.

The present indications are that the Indian crop in 1932-33 will be between 400,000 and 600,000 bales above the previous season, which is a slightly smaller increase than was expected earlier in the season. Additional information which has recently been received pointing to a smaller foreign production than has previously been estimated includes material reductions in Brazil and in Anglo-Egyptian Sudan. An unofficial report indicates that the Brazilian crop may be 200,000 bales less than in 1931-32. On the basis of official and unofficial reports the Sudan crop seems likely to be 100,000 bales less than last year. These decreases, however, may be at least partially offset by increases in other crops. For the time being, therefore, the world production estimate is being continued at 24,000,000 bales of 478 pounds.

Prices

During most of January, spot prices of American cotton in the domestic markets were rather stable. From January 4 to January 25 the daily average of the 10 designated markets for Middling 7/8 inch cotton was slightly above 6.00 cents per pound except for 3 days. Toward the end of January, however, a rather substantial decline started and on February 1 and 2, the average in these markets was 5.69 cents. From that date to February 24 prices fluctuated at slightly higher levels and on several days averaged almost 6.00 cents. The average price in the 10 markets during January was 6.01 cents per pound compared with 5.72 cents in December and 6.15 cents in January 1932. The average price received by domestic producers in mid-January was 5.3 cents per pound

compared with 5.4 cents in December, and 5.6 cents in January last year and a 5-year pre-war average, August, 1909, to July, 1914, of 12.4 cents.

In Japan and China prices of American cotton relative to Indian are said to have become somewhat higher in recent weeks and some increase in the purchases of Indian cotton have been reported. The indications are however, that the purchases of Indian have been for low count yarns requiring poor quality cottons. In Japan the purchases were said to have been due largely to the need for particular types of Indian rather than to price advantages. The price parities still favor the use of American even though the parity is less favorable than it was a few weeks ago. At Bremen, Germany prices of American cotton at mid-January were considerably higher in relation to prices of Indian cotton than 1 and 2 months earlier, but were still relatively cheap in comparison with previous years. The tendency for Indian to weaken more than American reflects the movement to market of the new crop which is considerably larger than that of 1931-32.

Stocks and Movements

Apparent supply of American cotton in the United States

On February 1 there were apparently 14,524,000 bales of American cotton in the United States (including an estimated amount which remained to be ginned) compared with 15,658,000 bales at the same time last year and 11,708,000 bales on February 1, 1931. The figure for this year is based on the December production estimate of 12,727,000 bales which is much smaller than the estimate of production last season and largely explains why the apparent supply this season is smaller than a year ago, despite the fact that the carry-over in the United States at the beginning of the season was 3,322,000 bales larger than a year earlier. However, domestic consumption and exports were both slightly larger from August 1 to the end of January this season than during the like period in 1931-32.

Domestic exports

During January, exports of American cotton totaled 794,000 running bales which was 126,000 bales or 14 per cent less than in January last year but was the largest for the month with the exception of last year since 1927. This brought the total exports for the first half of the season to 5,040,000 bales, according to Bureau of the Census data. As compared with the like period of last season and the season before there was an increase of 2 and 13 per cent respectively. Not since 1928-29 have the exports during the first half of the season been equal to those from August to January this season.

Japan took 1,112,000 bales of our exports during the 6-month period this season, which is only 188,000 bales or 14 per cent less than the record amount taken in the same period last season. China on the other hand has taken only 165,000 bales so far this season compared with 785,000 bales from August to January last season or a decrease of 79 per

cent. Great Britain, Germany, France, Italy, and most other European countries continued to take larger quantities through January this season than a year earlier. For the period August to January, total exports to Europe amounted to 3,590,000 bales compared with 2,687,000 bales during the first half of 1931-32, an increase of 904,000 bales or 34 per cent. The marked increase to Europe reflects the higher rates of mill activity and consequently larger cotton consumption, a continued reduced level of foreign cotton (particularly Indian) which is being used, and perhaps some accumulation of stocks of American.

Exports of Egyptian and Indian cotton

From August 1 to February 16 total exports from India amounted to only 935,000 running bales (Indian bales of around 400 pounds), only slightly (19,000 bales) above the exports of the like period of 1931-32 and 949,000 bales or 50.4 per cent less than in the corresponding period of 1930-31, a season of more normal supplies of Indian. For the 5 weeks ended February 16,1933, however, exports of Indian cotton were much larger than during the like period of last season and only 22 per cent less than in the similar period of 1931, according to data from the Commercial and Financial Chronicle. The increase in exports during recent weeks reflects the movement of the new crop which usually reaches its peak in January, February, or March. With this season's crop in India 300,000 to 600,000 bales (of 478 pounds) larger than the 1931-32 crop it is to be expected that exports from India will be somewhat above the low levels of last season when exports for the season (August to July) were 52.7 per cent less than in 1930-31 and the smallest for any season since 1918-19. Indian cotton mills have been using record amounts of Indian cotton this season (from August to December) however, and should this continue for the remainder of the season, it would tend to hold exports to a low level.

In contrast to the increase in exports from the United States and India so far this season exports from Egypt have been lower than last season. From August 1 to February 15 total exports from Egypt amounted to 462,000 bales compared with 621,000 bales to the same date last year and 519,000 bales in the like period of 1930-31. The movement in recent weeks has been about the same relative to the 2 previous years as for the season as a whole, that is, considerably smaller than a year ago and somewhat smaller than 2 years earlier. The Egyptian exports have been about as might be expected since the crop this season is about one-third less than the 1931-32 production and the smallest for many years.

Textile Situation

United States

Domestic mill consumption showed a seasonal increase during January, with total consumption amounting to 471,000 running bales compared with 440,000 bales in December. The consumption in January this year was 8 per cent above January, 1932, and 5 per cent above January 2 years ago. For the first half of the season consumption totaled 2,811,000 bales compared with 2,626,000 bales during the first half of 1931-32 and

2,460,000 bales from August to January in 1930-31, an increase of 7 and 14 per cent respectively.

Unfortunately the Association of Cotton Textile Merchants of New York has suspended for an indefinite period its monthly statements relating to production, billings, and sales of carded cotton cloth. For this reason it is impossible to say definitely what happened in this phase of the domestic industry during January. Trade statements, however, indicate that sales of cotton textiles were below production during the month. In December the Association's report showed that sales were 10 per cent above production, so that for the 2 months sales were perhaps about equal to output.

Great Britain

Reports from Manchester and Liverpool indicate that during recent weeks sales of cotton textiles have been running below current production. Should this continue, mill activity would of course be decreased. Activity, however, apparently increased during December, and in December was larger than in either December, 1931, or 1930. The January export movement of cotton piece goods from Great Britain showed some increase over December and was 10 per cent larger than in January a year ago and 27 per cent larger than in January, 1931. This apparently reflects increased sales made earlier in the season. During the first half of the season, total exports of piece goods from Great Britain amounted to 1,049,000,000 square yards, an increase of 20 per cent over the 871,300,000 square yards exported from August to January last season and also about 20 per cent over the like period of 1930-31.

Deliveries of American cotton to spinners during January averaged about 34,000 bales per week, an increase of about 4,000 bales per week over December or January, 1932 in both of which periods takings were about 30,000 bales per week, according to data from the Liverpool Cotton Association. From August 1 to the end of January, forwardings of American cotton totaled about 670,000 bales compared with 610,000 bales during the like period last season.

India

Cotton mills in India have continued very active this season as was the case in 1931-32 and 1930-31. From August through December this season mill consumption in India totaled 1,047,000 Indian bales of 400 pounds (876,000 bales of 478 pounds) compared with 988,000 bales (827,000 bales of 478 pounds) during the like period last season and 904,000 bales (756,000 bales of 478 pounds) during August to December 1930-31. This was the largest consumption on record for this period. In December consumption in India totaled about 216,000 Indian bales, compared with 213,000 bales in November and 218,000 bales in December, 1931. With the present official estimate of the Indian crop placed at only slightly above the small crop of 1931, and domestic mill requirements at record levels, the amount of cotton for export will again be small this season.

Japan 1/

Yarn production increased to 247,000 bales of 400 pounds during January, which was 17,000 bales or 7 per cent above January

1/ Based largely on a radiogram from Shanghai, China at the end of January and the end of February prepared from a report by Consul Donovan at Kobe, Japan.

last year, 23 per cent above January, 1931, and the largest on record for the month. For the first half of the season total yarn production amounted to about 1,421,000 bales, an increase of 5 per cent over the like period last season and 19 per cent above the first half of 1930-31. Despite the large yarn production, there has been a shortage of yarn for near delivery and considerable quantities of Chinese yarn have been imported in recent months. This situation resulted from the large export sales of piece goods which has been due to the low exchange rate of Japanese currency. In December, exports of Japanese piece goods reached a record level as did piece goods production. The 211,000,000 square yards of cotton cloth (piece goods) exported in December was more than twice as large as in December, 1931, and 64 per cent larger than in December, 1930, but in January there was a slump, exports declining to 153,000,000 square yards. This, however, was still the largest on record for the month of January. During the first 6 months of this season total exports of cotton piece goods from Japan amounted to 1,174,000,000 square yards compared with 664,000,000 square yards during the corresponding period last season or an increase of 77 per cent. This was by far the largest amount ever exported in any 6-months period in the history of Japan. In late January prices of yarn in Japan were such as to make yarn importing unprofitable, and by February 22 yarn prices had declined to such levels that spinners were said to be making no profits. Prior to January considerable quantities of yarn from China was imported in previous months despite the high rate of production in Japan.

The reduced export demand for piece goods and the uncertainty among cotton importers as to the course of the yen are said to have caused dullness in the cotton market during January and February. Japanese mills bought considerable quantities of Indian cotton during this period due to the need for particular types of Indian to use in their mixtures but not to price advantages, for price parities continued to favor American. Japan has also been importing larger amounts of Chinese cotton although the quantity was still relatively small.

China 1/

Due to the short Chinese and Indian crops in 1931-32 and the record supplies of American cotton the situation was very favorable to the use of American in most foreign countries, but particularly in the Orient. These conditions resulted in the consumption of 883,000 bales of American cotton in China during 1931-32 compared with only 362,000 in 1930-31 and an average of about 300,000 bales during the 5 preceding years. The increase of 144 per cent in China's consumption of American from 1930-31 to 1931-32 took place even though total mill activity (as measured by total cotton consumption) declined slightly. In view of the increased production in China and India it has been felt that the rate of consumption of American would decline as soon as substantial quantities of these cottons became available. The report of the Chinese Cotton Mill Owners' Association giving consumption in China for the last half of 1932 shows that while consumption of American cotton for the 6-month period averaged slightly larger than in the previous half-

1/ Based largely on a special report prepared by Agricultural Commissioner Owen L. Dawson at Shanghai on January 21 and received at mid-February, supplemented by a radiogram on February 17.

year, the rate per month recently has no doubt declined considerably from the high point reached last spring or summer. The Association reported that consumption of American cotton from July to December, 1932 totaled 457,000 bales of 500 pounds, compared with 451,000 bales the previous 6 months, a monthly average of about 75,000 bales during both periods. However, there is no doubt that consumption of American was very low in February and March last year due to the military activities around Shanghai at that time. The Japanese-owned mills in Shanghai were completely idle for 2 or 3 months, and for a time only a small portion of the spindles in the Chinese-owned mills in Shanghai were active. It is not surprising, therefore, that members of the cotton trade in Shanghai have estimated that in February last year China's consumption of American cotton was only around 30,000 bales with consumption in March less than 50,000 bales. Consumption in April was still low because the Japanese mills in Shanghai which are very important consumers of American cotton, remained inactive throughout most of that month. In May and June, therefore, consumption of American must have been around 100,000 bales per month. Trade estimates have indicated that since that time the quantities of American being used have been declining but the report of the Chinese Mill Owners indicates that the extent of the decline has been considerably less than members of the cotton trade had estimated.

If we accept the Association's estimate of the consumption of American cotton for the period July to December of 457,000 bales as correct (an examination of the stocks and import data indicate that it is somewhat too high) there is little doubt that China's consumption of American during 1932-33 season will equal or exceed 600,000 bales unless an unusual development takes place. This would require an average monthly consumption of only 25,000 bales for the 6 months January to June, 1933, which is only about the average for the five seasons 1926-27 to 1930-31 when the supplies of other cottons were such as to make the price parities less favorable to the use of American than they are at present. The conflict between Japan and China, however, gives the situation an element of uncertainty, since the Japanese owned mills in China represent more than one-third of the total spindles in China and consume more than a proportionate share of American cotton.

Consumption of Chinese cotton in China during the last half of 1932 was reported by the Mill Owners' Association at 790,000 bales compared with 476,000 bales the previous period and 466,000 bales from July to December, 1931. With the exception of the first half of 1928 this was the largest amount of home-grown cotton ever consumed by Chinese mills during a 6-month period. Consumption of Indian cotton on the other hand was the smallest since records became available in 1921-22. Total consumption of all cotton was reported at 1,348,000 bales, 29 per cent above the previous 6 months and is the largest on record. On the basis of the short supplies of Chinese cotton and the reports received monthly stating that the mill activity has been running below capacity or normal, it seems that the Chinese Mill Owners' estimate of the amount of Chinese cotton consumed as well as the amount of all cotton consumed may be too high. However, these are the best data available and are generally accepted as reliable.

Continental Europe 1/

The improvement in the continental European cotton situation apparent during the fall and early winter months of 1952, was fairly well maintained during January. Some signs of recession have been evident in central Europe, but western Europe and Italy continue to report active new business and maintenance of increased mill activity. The failure of central Europe to fit into the picture of continued improvement with western Europe, is mainly due to the fact that the expected increase in consumer buying has not as yet materialized.

New orders booked by cotton spinners and weavers during the month of January have shown a certain decline in Germany and adjoining countries. France and other western European countries, as well as Italy, on the other hand, continued to report a fairly satisfactory volume of new business in cotton yarn and cotton cloth. Spinner and weaver margins throughout the Continent remained small, however, and export business was generally complained of as not coming up to earlier expectations. As a result, mill activity, which follows quite closely the movement of new sales because of the relatively low stocks of cotton yarn and cotton goods in trade hands, has declined somewhat in central Europe, but maintained the improved levels previously reached in western Europe and Italy.

Spinner buying of raw cotton during the month of January was generally quiet on the whole, though fairly well supported by the stable tendency of raw cotton prices. C.i.f. import trading of merchants was also quiet, and price fixing limited. Some speculative buying of futures was stimulated by rising security and grain markets at the beginning of the month, but the second half was characterized by a certain amount of liquidation.

Recent statements in the continental press indicate that the present winter goods season is not coming up to expectations, but that the volume of goods being sold is generally better than last year.

Germany

The German cotton spinner's report for the month of December indicated that most spinning centers in Germany reported reduced sales as compared with previous months. As a result, the tendency of mill activity toward the end of December was slightly downward. The German cotton weavers' report for December likewise indicated that the active trade experienced in previous months was not being maintained, but that the volume of unfilled orders on hand was still satisfactory, and that mill activity was being held at fairly high levels.

Detailed information is not yet available for January 1953, but press reports seem to indicate that new sales of cotton yarn and cloth have been on a somewhat reduced level. It has been repeatedly stated in the press that British competition, which formerly extended mainly to the field of fine counts, has now begun to affect the medium counts of yarn as well. Prices are generally complained of as leaving insufficient margins for the industry. Mill activity

1/ Based largely on a report prepared by Agricultural Attache' L. V. Steere at Berlin, Germany, dated February 8, 1953, supplemented by cable about mid-February.

also seems to have continued the declining tendency reported for the second half of December, though southern and western Germany have been in a considerably better position than Saxony. It is claimed that unless a revival of consumer buying develops, there are rather limited possibilities for any further improvement in wholesale buying and cotton mill activity in Germany, at least in the near future.

Spinner buying at Bremen during January was limited mainly to immediate needs; C.I.f. import trading likewise remained small, and price-fixing quiet.

The recently issued annual report of the German weaving industry shows that the year 1932 further increased the dependence of the industry on the home market, as a result of the increased difficulties encountered in foreign trade. Ninety per cent of the yearly production of the German cotton weaving establishments now remains within the country, and only 10 per cent is exported.

Czechoslovakia

Czechoslovakian reports indicate that developments in the cotton textile situation have been rather unsatisfactory during January, and that a real improvement cannot be expected before at least some of the many foreign import restrictions affecting Czechoslovakian exports of cotton goods are removed.

The import restrictions, which have been established by southeastern European countries, including Austria, are especially detrimental to the Czechoslovakian cotton industry because of its considerable dependence on exports to these countries. In a recent meeting of the Czechoslovakian Cotton Associations it was indicated, for example, that the import contingents which Turkey has granted Czechoslovakia - for 3 months only - amount to but one-quarter of the cotton fabrics previously exported to that country. The Austrian currency restrictions permit only about 20 per cent of the previous imports in terms of value, and trade with Yugoslavia is similarily difficult. The results of the compensation agreement in effect with Hungary for several months have also been unsatisfactory. In addition, further restriction of exports is now being experienced in business with Holland and France, Holland permitting a contingent of only 45 per cent of the previous year's values. The French import contingent for Czechoslovakian cotton goods is also claimed to be rather small.

The establishment of a cotton spinners' price-cartel in Czechoslovakia in September has forced the cotton weavers into negotiations with the spinners for a uniform price policy in both sections of the industry. The weaving mills are trying to obtain certain guarantees against excessive prices for cotton yarn, which, they claim, have already reduced their competitive strength in foreign markets. It is not yet known what the results of these negotiations are likely to be..

Austria

Conditions in the Austrian cotton industry remained depressed during the month of January. Sales in both the home and foreign markets were unsatisfactory, and mill activity continued greatly below the normal rate of occupation. Rumors appeared that cotton spinners will try to bring about a further restriction of production in an "organized" manner. Toward

the end of January, however, somewhat more optimism developed as a result of slightly increased bookings for the spinning mills and in expectation of a certain stimulation of cotton yarn exports through the new treaty concluded with Hungary. Exports in other directions, however, continue to promise little improvement. In markets such as Yugoslavia the Austrian industry is handicapped by severe competition from Italy and Czechoslovakia, and exports to Rumania are made extremely difficult by the rigorous currency restrictions in effect there.

A new feature in the Austrian cotton situation has recently been the complaint of the cotton cloth mills that excessive imports of rayon fabrics at low prices are resulting in severe competition for the makers of cotton fabrics.

France

Continuation of the relatively favorable situation recently prevailing in the French cotton spinning and weaving industries has been indicated in reports for the month of January. Conditions have been particularly encouraging in the East and in Alsace, although a certain slackening in sales activity has been noted in the North.

Both spinners and weavers in the important textile centers of France have orders on hand which will occupy them for several months ahead at fairly active rates. Some weavers are even unable to accept new orders for delivery earlier than toward the end of the second quarter of 1938, and a good flow of new business is being reported from the weaving sections of Normandy. The only ground for complaint seems to be the unsatisfactory inquiry from outside the home market, as, excepting for a certain revival in sales to North Africa, little export business has recently been booked.

January spinner buying of raw cotton was of fair volume, with price-fixing occasionally important. A favorable factor in the French cotton situation has been, among others, the settlement of labor disputes without serious difficulties and, for the most part, without reductions in wages.

Italy

The situation of the cotton industry in Italy has been further consolidated during the month of January, with a small but nevertheless significant improvement over the previous 2 months. Mill sales of cotton yarn and cotton cloth were large throughout January, exceeding by a considerable margin the volume of mill output. As a result, the decline in cotton yarn and cloth stocks previously reported continued, and unfilled orders rose considerably, reaching a level above that reported for the same time last year. Mill activity, on the other hand, was increased very conservatively in keeping with the policy of the Italian cotton industry in the entire past year, during which it has observed great caution and avoided any accumulation of stocks.

As a result of the favorable tendencies in the Italian cotton industry, spinner demand for raw cotton remained fairly active during January, particularly toward the end of the month. Interest centered around American and Egyptian cotton for March - June shipment.

The only objects of complaint in the Italian situation during January, as in France, were the poor export demand for Italian cotton cloth, and the rather poor margins for both spinners and weavers.

Poland

Unfavorable reports on the cotton situation have recently been received from Poland, where both spinners and clothmakers were finding new business more difficult to secure. Retail trade during December did not show any improvement, and the industry is handicapped by rather large stocks of both yarn and cloth.

Beginning with January 1, 1933, the most favored nation duty on raw cotton of 1 zloty per 100 kilograms (.005 cents per pound) is granted only to imports via the Polish ports, whereas imports across the land frontiers must pay 6 zlotys or .030 cents per pound. This means virtual exclusion of cotton imports except through Gdynia, and Polish buying from Bremen will be definitely discontinued.

Recent press information indicates that the Lodz cotton industry is negotiating with Russian authorities in regard to the delivery of Polish cotton fabrics in exchange for Russian raw cotton to be placed at the disposal of Lodz spinners. It appears that these plans have some chance of being brought to a conclusion. The Polish cotton industry was accustomed to the use of Russian cotton prior to the war, and Russia would seem to have much to gain by such an arrangement. It would make available large quantities of finished fabrics, which they themselves are now handicapped in producing through a lack of plant capacity.

Russia

A marked modification in the plan for expansion of cotton textile output in Russia is indicated in the latest reports available. The planned output of finished cotton cloth in Russia in 1933 is now placed at 2,750,000,000 meters, (3,007,000,000 yards) as compared with the planned output of 3,061,000,000 meters (3,348,000,000 yards) for 1932. Preliminary figures for 1932 production of cotton textile fabrics indicate an actual output of approximately 2,400,000,000 meters or 2,625,000,000 yards. The new plan, therefore, calls for an increase of about 15 per cent instead of 28 per cent. The 1932 production as now indicated was apparently about 7 per cent above that of 1931. There are, however, conflicting reports as to the 1931 production.

Production, Acreage, and Crop Conditions

United States

The next official report on the 1932-33 domestic cotton crop will be the semi-final ginnings report released about March 20, which will include an estimated amount for any of the crop which may still remain to be ginned. This report, released by the Bureau of the Census, will give the ginnings both in running bales and equivalent bales of 500 pounds gross or 478 pounds net. The final ginnings report will be released about April 17. The last ginning report released January 23 showed that prior to January 16, there had been 12,418,000 running bales of cotton ginned from the crop of 1932 compared with ginnings to the same date last year of 15,996,000 bales. During the past 5 years ginnings to January 16 have averaged 98 per cent of the total ginnings and have ranged between 97 and 99 per cent of the total.

Quality of the 1932 crop - The 1932 crop was considerably lower in grade but not greatly different in staple length on the average from the 1931 crop, according to the report of the Bureau released February 10 giving

the grade and staple of the cotton ginned up to the 16th of January.

Of the American upland cotton ginned up to January 16 this year, about 27 per cent was white strict middling and better, compared with 42 per cent for the same period in 1951-52. The proportion of the ginnings shorter than 7/8 inch in staple length was practically the same as last season, but there were slightly larger proportions of 15/16 inch, 1-1/16 inch, and 1-1/8 inch and somewhat smaller proportions of 7/8 inch, 1 inch, and 1-3/16 inch and larger.

India

The official Indian cotton crop estimate released February 20 places the crop at 3,703,000 bales of 478 pounds compared with a revised figure of 3,421,000 bales for the corresponding period last year, and the December estimate of 3,542,000 bales for the present crop. Although the present estimate is 161,000 bales above the December estimate, it still points to a small crop. The area is estimated at 22,350,000 acres, a decrease of 5 per cent from last year. The Bombay cotton trade considers the official estimate to be between 300,000 and 400,000 bales too low. Figures for previous years show that revised estimates as of this date tend to be below the final crop figures. In the last few years the difference has been within 100,000 to 150,000 bales. The original (unrevised) estimates as of this date vary erratically when compared with the final revised crop figures. In view of the previous tendencies of these crop estimates, and present trade opinion, it seems probable that the final crop figure will be around 3,800,000 bales to 4,000,000 bales of 478 pounds. This would still be a small crop in comparison with the years prior to 1931. Such figure for the present year would be substantially in line with the previous conclusion of this Bureau.

Although the tendency appears to be for the official estimates to be increased, trade estimates are being lowered so that the two are approaching closer agreement. At one time the members of the cotton trade in Bombay were estimating that the crop would be between 4,200,000 and 4,600,000 bales with some feeling that the crop might exceed the larger figure. In view of the prospective decrease in acreage and past yields this Bureau at first adopted 4,200,000 bales as a preliminary figure. This figure was reduced to 4,000,000 in December when the first production estimate of the Indian Government became available and indicated that yields were below average. The first official estimate was for a crop of 3,542,000 bales, but the latest estimate is for a crop of 3,703,000 bales.

China 1/

The Chinese cotton crop is still being estimated at about 2,300,000 bales of 478 pounds as compared with a crop of something like 1,700,000 bales in 1931-32 and about 2,250,000 bales in 1930-31. It is recognized that to make an accurate estimate of the total amount of cotton produced in China is almost impossible. Considerable quantities are produced in the interior which never enter commercial channels and in districts where there is little communication with the outside world. For a number of years, however, the Chinese Cotton Mill Owners' Association has been estimating production in about 11 or 12 of the principal cotton producing provinces, particularly those which produce the commercial crop and where at least

1/ Based largely on information furnished by Agricultural Commissioner Dawson of Shanghai.

some information on the crop can be obtained. Although the estimates of this Association are considerably larger than the mill consumption plus exports (the commercial crop) they are probably materially below the total agricultural crop. It is impossible to say how much cotton is used for home consumption in the form of paddling garments, home spinning, or other uses. Some investigations indicate that the total agricultural cotton crop averages more than 4,500,000 bales, whereas the amount moving into commercial channels averages less than 2,000,000 bales, indicating that more than 2,500,000 bales may be used for home consumption. At best, however, the estimate of the total crop is only a rough approximation. Without placing too much confidence in the absolute accuracy of the Chinese Mill Owners' estimates, it is felt that they probably reflect changes in the commercial supplies from year to year. Prior to 1930-31 the Association's estimates were accepted as reported, but since then, the Association has included a larger area in its reports and the estimates are not exactly comparable with the estimates for earlier years. This Bureau has, therefore, adjusted these estimates in recent years for comparability and in some instances made further adjustments in view of additional information obtained by representatives of the Bureau in China.

As stated above, last summer the Chinese Mill Owners' Association forecasted a production of slightly more than 3,000,000 bales which was adjusted by this Bureau to 2,500,000 bales. They later revised their estimate to 2,350,000 bales or essentially the same as the figure of 2,300,000 bales now being carried by this Bureau.

Egypt

Ginnings of Egyptian cotton from the 1932-33 crop prior to February 1 totaled 795,000 bales of 478 pounds net (excluding scarto) compared with ginnings of 1,003,000 bales to the same date last year or a decrease of 21 per cent. The crop on the other hand is estimated at 32 per cent below the 1931-32 crop. During the past few years ginnings to the first of February have averaged about 76 per cent of the total crop. This year the ginnings through January are equal to 91 per cent of the estimated production, indicating that either the ginnings are running ahead of usual or that the estimate of production is too low. Earlier in the season the opinion among the members of the cotton trade in Alexandria was that the Government estimate was too low. No recent comments have been received. With a considerably smaller crop to harvest and gin this season than usual, it is possible that these operations may be running ahead of normal as measured on the basis of the percentage of the total crop.

Ginnings of Sakellaridis cotton up to February amounted to 189,000 bales which was only 2 per cent less than ginnings to the same date last season while estimated production of Sakellaridis is about 18 per cent less than in 1931-32. Ginnings of Egyptian cotton other than Sakellaridis totaled 606,000 bales up to the end of January compared with 811,000 bales last season or a decrease of 25 per cent. The production of these varieties is estimated at about 36 per cent less than in 1931-32.

Acreage in 1933-34 - As pointed out last month the prospects are that cotton acreage in Egypt will be larger in 1933 than in 1932. A recent report from P. K. Norris, Cotton Specialist at Cairo, Egypt confirms this statement and explains that Egyptian farmers are discouraged with the attempt to grow cereals as cash crops. Due to the declining prices of cotton, the

advice given them by the Government, and the cotton acreage restriction laws, large acreages of corn, wheat, beans, and rice were planted in 1931 and 1932. However, when the time came to sell those crops it was found that the cash returns were less than those for cotton. The report states that many farmers and landowners are of the opinion that in spite of the low cotton prices, cotton is still the most profitable crop. Another factor which may be of importance in increasing cotton acreage is the change in the crop rotation systems which is expected to take place on at least some of the farms. The practice of a 3- and 4-year rotation which meant that only one third or one fourth of the land was planted to cotton each year has been followed pretty generally in Egypt in the past, according to Mr. Norris. This year, however, it is expected that many farmers are going to follow a 2-year rotation which means they will plant one half their land to cotton.

Soviet Russia

An outstanding feature of the 1933 Russian cotton plan is the abandonment of efforts towards a further large expansion in the acreage, as was stated last month. The 1933 plan provides for total plantings of 2,067,000 hectares or 5,100,000 acres, which means a reduction of 12 per cent compared with the area of 5,800,000 acres previously reported as planted in 1932. These figures point to the probability that the 1932 acreage was smaller than hitherto reported, and that a downward revision in the estimate of the planted acreage will eventually be made.

The total planned output of unginned Russian cotton in 1933 is 1,430,000 tons, or 2,050,000 to 2,175,000 bales (of 478 pounds) of ginned cotton, depending upon the ginning yield assumed. According to the Chairman of the State Planning Committee (Gosplan) in his report to the Executive Committee, the plan provides for an increase of 5.5 per cent in production over the output in 1932. On the basis of these calculations, it appears that the 1932 crop is now assumed to have amounted to about 1,950,000 to 2,050,000 bales (depending upon the ginning yield or percentage of lint) compared with 2,100,000 bales mentioned by the Soviet press, and 1,900,000 to 2,000,000 bales as estimated by this Bureau in September.

Mexico

The following statement which is based on an excerpt from (Review of Commerce and Industries, Year of 1932, American Consulate Mexicale, B. C., Mexico) 1/ will be of interest in connection with the prospective cotton acreage in Mexico in 1933.

Cotton is the principal money crop of the district and in the past has averaged approximately 70,000 bales per year. However, owing to the very low prices in 1931 and early 1932, the Territorial Government decided to assist the unemployed in planting a cotton crop since it was doubtful whether a crop would be planted otherwise. A contract was, therefore, entered into with two American concerns and arrangements made for the planting of something like 27,000 acres in the spring of 1932.

The land, implements, and mules were furnished by one company, and the other one financed the operations in part by furnishing the water, seed, and hay for the mules. The local Government furnished the labor, paid

1/ Submitted by Consul Howard A. Bowman on January 20, 1933.

for the picking and gave each laborer a credit of one peso (about 30 cents at the current exchange rate) per day at Government commissary stores. The financing company had the first lien on the proceeds of the cotton to cover the money advanced. The land company received 30 per cent of the net proceeds in payment for the use of the land, implements, and mules.

The cooperative system resulted in a crop of approximately 12,000 bales (size not stated, probably running bales) which was sold to Mexican mills at an average of slightly more than 6.00 cents per pound. The project was considered satisfactory by the American concerns and a new contract similar to the one for last year has been made for 1933 and provides for the cultivation of about 40,000 acres.

Brazil

A recent trade report indicates that the 1932-33 Brazilian cotton crop may be 200,000 bales less than in 1931-32. This report it is said was based upon an official report of the Brazilian Government which placed the crop of that country much lower than was previously expected. The official estimate has not as yet been received by this Bureau.

Anglo-Egyptian Sudan

An official estimate of the Sudan Government released on January 23 places the 1932-33 production in the Sudan excluding the Gezira at 36,000 bales of 478 pounds, according to a report received from Cotton Specialist P. K. Norris at Cairo, Egypt. According to his report the Government apparently does not intend to issue reports on the Gezira this year. Unofficial reports state that the Gezira crop is one of the poorest on record and Mr. Norris states that the total Gezira crop may be less than 300,000 kantars (62,000 bales of 478 pounds). Should these two estimates prove correct the total Sudan crop would be around 100,000 bales as compared with an official estimate for 1931-32 of 206,000 bales.

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Cotton

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Bureau of Agricultural Economics
Washington

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March 31, 1933

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WORLD COTTON PROSPECTS
with
STATISTICAL SUPPLEMENT

Summary

World consumption of American cotton during the first half of the present season made another substantial increase. This is the fourth consecutive half-year which has shown an increase, and the gain since the first half of 1930-31 amounted almost to one-third. Part of this increase represents greater total mill activity, but the more important part has been due to the use of American in place of foreign cottons, particularly Indian and Chinese. During the past half-season, American cotton represented 58 per cent of the world's cotton consumption, whereas during the first half of 1930-31 the percentage was only 47.

Consumption of both Indian and Egyptian cotton was less than in the first half of last season, and in the case of Indian was the smallest for the like period for more than a decade. The total consumption of sundries growths on the other hand increased to the highest levels since 1929-30. China and Russia accounted for most of this increase.

The second half of the current season began under much less favorable conditions than did the previous half-year. In August, cotton prices advanced sharply and under this stimulus sales of cotton textiles reached almost unprecedented levels. In February, however, the financial situation in the United States had reached a very acute stage, and activity in the cotton textile markets was at rather low levels. Sales both in the United States and in Europe were reported as less than output, and in some places stocks were accumulating.

During the banking holidays textile sales in this country increased materially, due to the feeling by some that there might be currency inflation. The reopening of the banks and other legislative and administrative action has apparently created considerable optimism and confidence, both here and abroad. Should this continue during the remainder of the season cotton consumption, particularly in the United States, should materially exceed that of the last half of 1931-32.

The March ginnings reports shows that the domestic crop was about 267,000 bales larger than was expected in December. An official estimate of the Brazilian crop, however, places the 1932-33 production at 222,000 bales, about 40 per cent less than last year, whereas earlier in the season the crop was expected to be almost as large as last year.

Prices

During the latter half of February spot prices in the ten designated markets ranged between 5.77 cents and 5.96 cents per pound with the average for the month of February, 5.85 cents. On March 3, the last day before the markets were practically closed due to the bank holidays, the average of the spot markets was 6.09 cents. During the following week there was considerable belief that the currency would be inflated, and as a result prices rose considerably with scattering sales being made at 7.00 cents and above. In some markets spot cotton was being offered at 8.00 cents. With the resumption of business on March 16, the average of the ten markets was 6.65 cents, an advance of 0.56 cents over March 3 and about in line with the advance which had occurred in Liverpool. On March 17 prices reacted somewhat with spots averaging 6.32 cents, a decline from the previous day of about 0.33 cents. During the following few days prices in the ten markets remained about unchanged.

During the first 3 weeks of March spot prices of American middling and low middling at Liverpool were relatively stronger than prices of three of the principal types of Indian cotton so that the price parity is slightly more favorable to Indian than in recent months, but is still less favorable than usual. It is to be expected that with the movement of the Indian crop (which is 400,000 to 600,000 bales larger than last year) reaching a peak at about this time, that prices of Indian cotton would become somewhat cheaper relative to American, since the present American crop is almost one-fourth less than in 1931-32.

Stocks and Movement

Apparent supply of American in United States

On March 1 the apparent supply of American cotton in the United States was 13,533,000 bales compared with 14,348,000 bales a year earlier, both figures based on the December 1 crop estimate. Of the amount in the apparent supply of March 1 this year, 9,338,000 bales were located at public warehouses and at compresses, 1,394,000 bales at consuming establishments, and the remaining 2,801,000 bales included that held on farms, cotton coastwise, and that in transit to ports, interior towns, and mills. A year ago stocks of American cotton at consuming establishments were about 84,000 bales larger than on March 1 this year and stocks at public storage and compresses were about 154,000 bales larger, leaving about 3,179,000 bales on farms, in transit, etc. Ginnings as reported in March this year would increase the apparent supply 267,000 bales, whereas last year they increased it only 143,000 bales.

Exports of American cotton

Domestic exports totaled 557,000 running bales during February which was 411,000 bales or 42.5 per cent below February 1932, but was larger than in February 1930 or 1931, according to data from the Bureau of the Census. France and Italy took larger amounts than in February last year, but most other countries took smaller amounts.

For the 7 months August to February total exports amounted to 5,597,000 running bales compared with 5,925,000 bales during the like period last season. Most countries have taken larger quantities so far this season than during the first 7 months of 1931-32, but the large decreases to China and Japan have been sufficient to more than offset the increases to other countries.

Exports of Egyptian and Indian cottons

During the 4 weeks ended March 9 total exports from India amounted to 289,000 running bales compared with 103,000 bales during the like period a year ago and 452,000 bales in the corresponding weeks of 1930-31. Total exports from August 1 to March 9 amounted to 1,137,000 bales which was 135,000 bales larger than to March 9 last year, but 1,074,000 bales or 49 per cent less than from August 1 to March 9, 1930-31. With the Indian crop some 400,000 to 600,000 bales larger than last season it is not surprising that exports this season should run above those of last season which it will be remembered were the smallest since 1918-19. The supply of Indian cotton for this season is still considerably below average, while the supply of American is much above average so that the relative prices of these two growths should continue favorable to American, and the exports of Indian should continue below average.

Exports of Egyptian cotton for the season up to March 8 totaled 514,000 running bales compared with 695,000 bales during the like period last season and 574,000 bales from August 1 to about March 8 in the 1930-31 season. During the 4 weeks ended March 8, Egyptian exports amounted to about 67,000 running bales, compared with 114,000 bales a year earlier, and 83,000 bales 2 years earlier.

Continental spinners takings of American

During the 4 weeks ended February 20 the continental spinners takings of American cotton totaled about 296,000 bales of 478 pounds, compared with

takings for the 4 weeks ended January23, of 424,000 bales. From August 1 to February 20, takings totaled about 2,355,000 bales compared with 2,016,000 bales during the like period last season. Up to the 4 weeks ended about February 20, continental spinners' takings had been consistently above the corresponding period the previous season.

Mill stocks

On January 31, 1933, the total world mill stocks of all cotton amounted to 4,561,000 running bales which was slightly less than a year earlier and the smallest stocks held at mid-season since the 1924-25 season, according to data from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. Of the total, American amounted to 2,704,000 running bales, which was 71,000 bales below a year earlier, but larger than at the end of January 1931. Stocks of Indian and Egyptian cotton at mills were also below last year while stocks of sundries growths were the largest at this date since 1929. Most of the increase in sundries cotton represent increased stocks of Chinese cotton in the mills of China. This, of course, is accounted for by the very short crop last season and the fully normal or possibly larger than normal crop this year.

Textile Situation

World mill consumption

World consumption of American cotton made another and even more significant increase during the first half of the present season. This was the fourth consecutive half-year in which the consumption of American cotton has increased despite the low level of general industrial activity throughout most of the world. The 6,845,000 running bales consumed up to the end of January this season as reported by the International Federation represents an increase of 728,000 bales or 12 per cent over the first half of last season and 1,567,000 bales or 30 per cent over the low level reached in the first part of 1930-31. A part of these increases represent an increase in the total world cotton mill activity but a more substantial part of them represents the displacement of other growths by American. In the first half of 1930-31 the consumption of American, on a bale basis, equaled only 47 per cent of the world total of all cotton, which was the lowest percentage for many years, but in the first half of this season American equaled 58 per cent of the total. These recent developments were largely attributable to the large supplies of American and the short crops and small supplies of Indian, and Chinese cottons.

World consumption of both Indian and Egyptian cotton was smaller than during the first half of 1931-32 while the consumption of sundries growths increased materially. In China alone consumption of sundries (which in this case is Chinese cotton) increased 324,000 bales and in Russia the estimated consumption of Russian cotton increased 110,000 bales.

United States

Domestic cotton consumption amounted to 442,000 running bales during February compared with 451,000 bales in February last year and 433,000 bales in February, 1931. The total consumption for the first 7 months of this season amounted to 3,253,000 bales which is 176,000 bales above the like period last season and 360,000 bales above August to February, 1930-31.

February was the first month since last August in which consumption was below the corresponding month a year earlier. February this year, however,

had one less working day than did February 1932, so that the daily rate of consumption in February this year was slightly greater than in February last year.

No definite information is available on the sale of cotton textiles during February, but trade reports indicate that the banking situation which had become rather acute in some States toward the middle of February created considerable hesitancy in the cotton textile markets. It seems likely, therefore, that sales in February were again below production.

The financial developments which took place during the first part of March retarded retail sales, but sales of cotton textiles to wholesalers and merchants are said to have increased during the banking holidays in anticipation of inflation. The indications are now that the financial situation has been materially improved, which along with other legislative developments have created confidence and optimism in all phases of domestic industries. A continuation of the improvement accompanied by an increase in business activity and employment would no doubt be accompanied by increased sales of cotton textiles.

Great Britain

British exports of cotton piece goods totaled 194,600,000 square yards during February which was slightly below the 197,300,000 square yards exported during January, and compares with 180,500,000 square yards in February last year and 146,300,000 square yards in February, 1931. Total exports for the 7 months August to February equaled 1,243,600,000 square yards, compared with 1,051,800,000 a year earlier and were the largest for a like period since 1929-30.

In late February and early March reports from Great Britain indicated that trade in cotton textiles had attained an attitude of hesitancy, waiting for further developments from the United States. On March 17 a report from Liverpool stated that the market was still waiting although the higher cotton prices were said to have been received favorably.

Continental Europe 1/

The slackening in cotton textile conditions which became apparent in central Europe in January has extended during February to other major textile centers in western Europe and Italy. It is now obvious that new business booked by the cotton mills, as well as mill activity, definitely receded from the levels prevailing in November, December and January. This recession was in line with the rather general setback in economic conditions throughout the Continent which occurred since the turn of the year, and in particular with the outlook that recovery in consumer purchasing power was not immediately at hand. It was also based, to a considerable extent, upon hesitancy incident to renewed political uncertainty on the Continent and financial uncertainty, particularly in the United States.

New orders for cloth and yarn booked by spinners and weavers were smaller during February than in January, not only in France and Italy, but also in central Europe, where the recession first appeared. It was also reported in some sections of the Continent that mill stocks of cotton yarn and cotton

1/ Based largely on a report from Agricultural Attache L. V. Steere at Berlin, Germany, dated March 7 supplemented by cable on March 17.

fabrics have recently shown some tendency to rise, but it does not appear that the movement assumed any importance. Cotton spinning mill operations and weaving mill activity, judging from the still rather general information for February, declined somewhat in virtually all parts of the Continent, including western Europe and Italy, as well as the central European countries. Despite the obviously unfavorable trend in the past 2 months, however, there was still some reason for belief that a turn for the better might come about with rapidity upon more encouraging developments, financially and economically, in Europe and the United States.

Continental spinner buying of raw cotton during February was generally quiet, though near positions were in some demand for the covering of immediate requirements. Central European spinners were especially reluctant to make commitments, apparently because of political uncertainty in Germany. C.i.f. import buying by merchants was likewise quiet, and the volume of price-fixing was limited. The relative stability of raw cotton was of little apparent influence on trading sentiment.

Germany

The Cotton Spinners' and Weavers' reports in Germany for February show a decline in the volume of new business booked by both the cotton spinning and weaving branches of the textile industry, and some slight curtailment of mill operations. A further reduction in output would probably have occurred if various establishments had not accumulated some reserve of unfilled orders during the early winter months. Mill sales of cotton fabrics toward the end of February were reported especially unsatisfactory in southern Germany.

The annual retail white sales, "White Weeks", also failed by a wide margin to come up to expectations. Business reached only about 50 per cent of that done last year. The immediate retail outlook gives little ground for encouragement unless general business registers some improvement before long.

The German cotton spinner report for the month of January, which appeared during February, states that the volume of new business booked during the month was unsatisfactory, though new bookings were maintained at December levels in certain sections, notably in southern Germany. Western Germany and Saxony, however, experienced slow trading and relatively light calling on old orders. Uncertainty as to the political outlook and a continued lack of real improvement in purchasing power were held to be the main contributing factors. Fine cotton spinners also complained of British competition, it being indicated that some of them are shifting to the manufacture of medium fine yarns.

The January weavers report also pointed to general hesitancy and lack of interest on the part of cloth buyers, although mill output was comparatively well maintained on the basis of unfilled orders booked in 1932 for the first quarter of 1933. Weavers of colored fabrics were relatively less well supplied with business and were feeling the unfavorable development of new business with more intensity than other branches. British competition in fine cloth was reported especially severe. Some reduction in the output of fabrics occurred during the month.

German textile export circles express considerable concern about the reaction in neighboring foreign countries to the recent agrarian measures in Germany. Danish textile importers have informed German merchants, for example, that the recent measures against imports of livestock and livestock products

have had such an unfavorable effect on the position of Danish farmers that German textile goods will encounter difficulty going into Denmark. The reaction to these measures in some other countries is also known to be unfavorable. On the other hand, German fine spinners and weavers will derive some additional tariff protection from the abolition, as of March 1, of the rates fixed in the treaty with France. The autonomous rates which thus become effective are from 20 to 50 per cent above the tariff rates fixed in the French treaty. This increase, in addition to affecting France, will also apply to Great Britain, Switzerland and Czechoslovakia, from which Germany imports most of her requirements of fine count yarns.

German spinners and weavers have recently been discussing proposals to reintroduce an organized restriction of production in both branches of the industry similar to that in effect in the summer of 1932. As yet no agreement has been reached, apparently because of the difficulty of securing adherence of important individual mills still holding a considerable volume of unfilled orders booked during the autumn revival of sales, but some observers believe that such an agreement will become possible before long if the present slackness continues.

February buying of raw cotton at Bremen was extremely limited and restricted entirely to covering immediate requirements. The volume of price-fixing was also small.

A report published in early March by the German Institute of Economic Research indicates that the autumn revival in the German cotton textile industry reached its high point in November, since which time a certain recession has taken place.

Czechoslovakia

Scattered reports from Czechoslovakia up to early March pointed to continued unfavorable conditions in the cotton textile industry throughout February. New orders booked by mills were distinctly unsatisfactory and mill operations were unfavorably affected. The restriction of export possibilities continued a major factor in the situation, and the outlook for the development of export business was in no way improved up to that time.

Austria

The unfavorable conditions hitherto reported in the Austrian cotton industry continued during February. If anything, new business and mill activity appear to have made some further recession, despite the prohibition on cotton yarn imports described early in the month.

France

The French cotton textile industry was able to maintain relatively favorable levels of new business and mill production through the month of January, but February brought something of a downward turn. A considerable reduction in sales of yarn for both home and export account were experienced at both Roubaix and Rouen. Unfilled orders on hand are still sufficient to last the mills at these centers for some months, but it is indicated that cotton spinners at Roubaix-Tourcoing in late February considered a certain

reduction in mill activity necessary during the following few weeks in order to avoid an accumulation of yarn stocks unless sales picked up.

The position of the cloth mills appeared to be more favorable, although this branch of the industry also reported a considerable decline in new business toward the end of February.

Buying of raw cotton by French spinners at Le Havre was very quiet throughout February. Loss of confidence and uncertainty about international political and economic prospects appear to have been the principal factors in the lack of interest displayed, although the less satisfactory trend of textile sales was also a contributing factor.

Italy

Cotton textile and cotton market reports from Italy were relatively encouraging in respect to raw cotton sales and cotton yarn and cloth orders early in February. Spinners and weavers were not only booking rather good business, especially for domestic account, but were making corresponding commitments for raw material. The export market for fabrics was apparently about the only section of the industry on which actual complaint was justified. Before long, however, sales of both yarn and cloth dropped off materially, manufacturing margins began to shrink, and mill activity soon underwent rather general, though moderate, curtailment. This development, in turn, was reflected in the cessation of raw cotton buying during the second half of the month. Latest reports indicate rather large stocks of cotton in store at Genoa.

This unusually pronounced change in the tenor of developments in the Italian cotton industry, however, does not appear to be based upon any fundamental change in respect to overproduction or demand, but rather reflects the development of international uncertainty during this period. As soon as the recent political and financial flurry has subsided, recovery to at least the former condition of relative stability may reasonably be expected.

Russia

Complete figures on Russian cotton fabrics in January are not available, but output appears to have been below the plan, and definitely below December levels, as average daily production was reported 6.9 per cent below the previous month. The first 10 days of February brought a reported increase over the last third of January, daily average output of fabrics increasing by 5.3 per cent and amounting to 79,076,000 yards; this was stated as 98 per cent of the plan for the period. Output during the corresponding period in January amounted to 66,538,000 yards, which was reported at 81.3 per cent of the plan. A recent report states that total production for February was 234,030,000 yards, exceeding the plan by 3.5 per cent. Production of yarn amounted to 21,989,000 pounds - 100.6 per cent of the plan - during the first 10 days of February, compared with 21,537,000 pounds - 97.1 per cent of the plan - during the first 10 days of January. Total yarn production in February amounted to 61,632,000 pounds, which was 0.7 per cent above the plan.

China 1/

During the first part of March Japanese mills in Shanghai were operating at about 80 per cent of capacity and Chinese mills at about 90 per cent. This was not greatly different from what it was a month earlier. Yarn sales showed a significant increase during the month, but were less than production so that yarn stocks increased still further and at mid-March were unusually high.

A quiet tone prevailed in the piece goods markets from mid-February to the middle of March and shipments slowed down considerably. Market prices remained steady and on the whole were within reasonable range of replacement costs.

Cotton mills at Tientsin have been active although they are using very little American cotton or other foreign cotton. No imports of foreign cotton for these mills have taken place for several months. American low middling cotton is selling above native Chinese cotton, whereas it is said that for mills to buy it freely, American should be below Tientsin cotton.

At Tsingtao demand for cotton yarn was very poor during February, and despite a reduction in mill activity, yarn stocks increased and in early March were considered heavy. Stocks of American cotton at this port were not large.

Japan

Yarn production in Japan rose slightly from January to February with total production in February amounting to almost 249,000 bales of approximately 400 pounds. This was the highest production recorded since December 1929, and was the highest for the month on record. The upward trend of cotton consumption in Japan during the past 2 years may be illustrated by the yarn production figures which show that February was the 21st consecutive month in which production exceeded that of the corresponding month of the previous year.

For the 7 months ended February, yarn production in Japan totaled 1,669,000 bales compared with 1,586,000 bales during the like period last season, and 1,388,000 bales from August to February in 1930-31. During the first 7 months of 1929-30 yarn production reached its peak, totaling 1,690,000 bales which was only 1 per cent larger than during the first 7 months this season. Japan has been able to maintain and even increase activity during the past 2 years, while most countries have been forced to curtail production. This has been made possible by the marked depreciation of the Japanese currency and the fact that large purchases of raw cotton were made before the currency was depreciated, both of which put Japanese mills in a very favorable position for exporting cotton cloth. Last August cloth exports had increased until they exceeded 200,000,000 square yards for the first time in the history of Japanese exports, and for each of the first 5 months of the season equaled or exceeded that amount. They reached a peak in December, when the total amounted to 211,000,000 square yards, but in January dropped to

1/ Based largely on a radiogram from Agricultural Commissioner Dawson at Shanghai, dated March 15.

153,000,000 square yards, the lowest for 9 months. Should exports continue at the lower level for many months, it seems likely that yarn production and cotton consumption would also decline.

Production, Acreage and Crop Conditions

World production

The semi-final ginnings report of the Bureau of the Census shows that the 1932-33 domestic crop was 12,994,000 bales of 500 pounds gross, or 478 pounds net. This was 267,000 bales larger than the December 1 crop estimate, which was used in making the December world production estimate. This increase, together with an increase in the Egyptian crop is almost exactly offset by smaller crops than had previously been expected in Brazil, Anglo-Egyptian Sudan, and India. The world production estimate, therefore, will for the time being remain at 24,000,000 bales which is 3,500,000 bales less than 1931-32, and the lowest since 1927-28. This figure is still subject to revision, as production estimates have not been received for many of the small producing countries, and the estimates for most of the larger foreign countries are still preliminary.

United States

The semi-final ginnings report of the Bureau of the Census places the total ginnings from the 1932 cotton crop at 12,703,000 running bales or the equivalent of 12,994,000 bales of 478 pounds net, or 500 pounds gross. This report includes the amount actually ginned up to the March canvass, and 30,500 bales which ginners estimated would be turned out after that. The December 1 crop estimate, it will be remembered, was 12,727,000 bales of 478 pounds. The crop slightly exceeded expectations in most of the important producing States, the greatest increases were in Arkansas and Texas. Here the ginnings report exceeded the December crop estimate by 66,000 and 52,000 bales respectively.

The 12,994,000 bales in the 1932-33 crop while larger than was expected in December, is still 4,102,000 bales, or 24 per cent below 1931-32, 938,000 bales less than 1930-31, and the smallest since 1927-28.

Egypt

Up to March 1, ginnings of Egyptian cotton totaled 890,000 bales of 478 pounds including 20,000 bales of scarto or low grade cotton, according to a cable from the International Institute of Agriculture at Rome. This is 20,000 bales larger than the latest official estimate which was released by the Egyptian Government in December. It has been pointed out in some of the previous issues of this report that Egyptian ginning were running unusually large relative to the production estimate and that unless ginnings were unusually early the crop would exceed the estimated 870,000 bales. Ordinarily about 86 per cent of the crop has been ginned up to March 1, but it is entirely possible that since the present crop is much smaller than usual, a larger than usual proportion of it may have been ginned to March 1 this year. If only the usual proportion has been ginned, then the total crop will equal about 1,000,000 bales. This would still be 288,000 bales or 22 per cent below last year, and the smallest since 1921-22.

Brazil

The 1932-33 Brazilian cotton crop amounted to the equivalent of 348,000 bales of 478 pounds, according to an estimate released by the Brazilian Ministry of Agriculture. This represents a decline from the previous year of 222,000 bales, or 39 per cent, and is the smallest Brazil crop since 1916-17. The yield per acre averaged 107 pounds, the acreage being placed at 1,561,000 acres. This was the smallest yield for many years.

The poor yields were said to have been due to drought in the Northern States, and to resultant inroads of pests.

Anglo-Egyptian Sudan

The first complete official estimate of the Sudan crop was released March 19 and placed the crop at about 120,000 bales of 478 pounds which was about in line with private estimates. The production in 1931-32 was 206,000 bales. Most of the decrease took place in the Gezira. The estimated production for the Gezira is 83,000 bales or about half of the 1931-32 production.

The yield for the whole of the Sudan on the basis of the present estimate would be only 176 pounds per acre compared with 293 pounds in 1931-32 and 131 pounds in 1930-31 the year in which the damage from leaf curle and black arm was so great.

Soviet Russia

Local reports from the chief Russian cotton growing regions indicate that an early setting in of spring is expected this year. Usbekistan - a heavy producer of cotton - reported warm, sunny weather toward the end of February, with rapid thawing of snow. Several collectives started ploughing by the end of February, and planting is expected to become general early in March in Middle Asia. An early spring is favorable for a high yield of cotton, but preparations for the planting campaign are backward and may thus partly offset the favorable influence of weather conditions.

It is also stated that a considerable number of tractors of both the Soviet farms and the machine-tractor stations are still in need of repairs in the cotton growing regions of the Union, with Usbekistan reporting about 2,600 tractors still to be repaired, Turkmenia 326 and Tadjikistan 520. For the cotton growing regions as a whole, 72 per cent of the tractors were reported repaired at the machine-tractor stations by February 25, so that little less than a third of the tractors were still in need of repairs. The plans for fallow ploughing and winter irrigation have also apparently not been carried out, which may prove a considerable handicap at the time of spring operations. In previous years, however, a large acreage expansion was being aimed at, whereas the plan for this year provides for an acreage only about equal to or possibly somewhat below that in 1932. This fact should somewhat ease the pressure.

Data for bringing to date

Cotton Statistics and Related Data for
Agricultural Workers

The following data brings to date so far as possible the tables presented in Cotton Statistics and Related Data published November and December, 1932. In order to conserve space, titles, headings, and the units of measurement have been shortened or omitted. The data are given by table numbers in exactly the same units as those shown in the tables of the release.

To save space some tables are not in their numerical sequence, and only those tables for which recent data are available are included here. Only in one instance (Table 52) have revised figures been included, for most of the revised data which are now available in final form are not greatly different from the preliminary figures shown in the report.

Most of the production, mill consumption, mill stocks, and international trade data included here are preliminary.

Table number and description	1932 July	Aug.	Sept.	Oct.	Nov.	Dec.	1933 Jan.	Feb.
No. 1 - Index of prices of all commodities	94.2	95.2	95.3	94.0	93.3	91.4	89.1	87.3
No. 2 - Index of prices of farm products	67.2	68.9	68.9	65.8	65.5	61.9	59.7	57.4
No. 3 - Index of prices of nonagricultural products	103.2	103.7	104.2	103.9	103.3	102.1	99.6	97.7
No. 4 - Index of commodity prices in foreign countries:								
Unadjusted	66.8	67.4	68.2	67.5	67.7	67.4		
Adjusted	56.0	56.0	56.3	55.3	54.9	53.4		
No. 5 - Index of business activity	48	50	54	54	54	54	53	52
No. 6 - Index of factory payrolls	41.1	40.2	42.1	42.1	41.4	40.5	40.4	
No. 7 - Cotton prices at New York	5.88	7.44	7.68	6.57	6.22	5.95	6.24	6.05
No. 9 - Staple discounts for 13/16 inch	25	25	25	28	25	11	13	10
No.10 - Spot prices at New England:								
Egyptian Uppers	17.35	18.86	19.45	18.54	18.50	17.68	18.14	17.89
Egyptian Sakel	19.42	20.81	21.89	20.00	19.69	18.52	19.10	18.78
American 1-1/8 inch	8.12	9.50	10.24	8.69	8.43	7.93	8.09	7.89
American Egyptian	21.50	20.75	20.90	20.38	19.52	18.30	18.62	19.44
No.11 - Farm prices:								
Cotton (Weighted average 1931-32 - 5.7)	5.1	6.5	7.2	6.4	5.9	5.4	5.6	5.5
Cottonseed (Weighted average 1931-32 - 9.51)	8.60	9.13	11.28	10.45	9.54	8.87	8.81	8.91
No.12 - Spot prices at Liverpool:								
American middling	6.92	8.11	8.87	7.91	7.52	7.09	7.37	7.10
Indian Oomra	6.32	7.27	7.87	6.95	6.73	6.32	6.61	6.33
Egyptian Sakellaridis	10.04	11.47	12.60	11.31	10.58	9.64	10.36	10.15
Egyptian Uppers	8.74	10.08	10.95	10.05	9.76	9.18	9.57	9.30
No.14 - Staple premiums at New Orleans:								
15/16 inch	10	10	14	15	15	15	15	15
1 inch	25	25	32	40	40	40	40	40
1-1/16 inch	65	75	76	75	75	67	75	75
1-1/8 inch	100	100	101	100	100	100	105	105
1-3/16 inch	175	-	-	-	-	-	-	-
1-1/4 inch	-	-	-	-	-	-	-	-

Continued

Table number and description	1932 July	Aug.	Sept.	Oct.	Nov.	Dec.	1933 Jan.	Feb.
No. 15 - Staple premiums at Memphis:								
15/16 inch	10	10	15	20	15	10	10	10
1 inch	30	30	39	43	43	40	36	35
1-1/16 inch	75	78	93	78	70	65	65	63
1-1/8 inch	100	103	134	110	105	100	96	83
1-3/16 inch	150	153	187	130	184	205	219	196
1-1/4 "	300	303	412	444	443	425	425	421
No. 27 - Fertilizer tag sales:								
N.C.	1,116	5,632	9,536	18,833	1,546	21,066	61,365	78,451
S.C.	1,820	980	3,311	2,745	2,732	10,845	31,170	49,068
Ga.	50	490	200	158	475	800	8,447	33,748
Ala.	100	400	300	650	400	1,900	12,050	20,100
Miss.	91	0	0	10	0	900	7,025	7,350
Ark.	0	0	0	50	0	0	1,200	3,600
La.	0	450	4,001	9,650	2,950	200	6,050	5,300
Tex.	25	50	2,425	712	1,275	50	7,445	5,360
Total, 8 States	3,202	8,002	19,773	32,808	9,378	35,761	134,752	203,477
No. 34 & 35.- United States cotton consumption:								
American	270,225	393,202	480,831	489,751	492,043	430,736	462,627	433,339
All kinds	278,653	402,601	491,655	502,244	503,722	440,062	471,202	441,663
American - Egyptian	803	1,622	1,828	1,551	2,061	1,694	1,143	1,185
Egyptian	6,079	6,230	6,464	7,858	7,908	8,645	6,022	6,253
No. 36 - Index of United States cotton consumption	63	82	99	96	95	93	88	87
No. 38 - Cloth imports into U.S.	1,861	1,166	1,155	1,633	2,118	2,498	2,625	
Cloth exports from U.S.	33,892	24,272	25,330	24,103	25,502	30,588	34,400	
No. 39 - Piece goods exports from United Kingdom:								
All countries	198.3	180.9	177.4	138.4	159.2	195.8	197.3	
British India	57,405.3	55,651.8	59,574.3	32,179.9	47,195.6	54,831.0	56,167.1	
No. 41 - German mill activity:								
Yarn production	74.9	79.5	91.9	101.0	109.0	105.1		
Weaving activity	59.3	62.0	69.3	76.5	79.2	74.7	75.1	

Continued -

Table number and description	1932 Aug.	Sept.	Oct.	Nov.	Dec.	1933 Jan.	Feb.
No. 42 - Germany: Yarn imports	2,163:	2,798:	2,765:	2,720:	2,553:	2,837:	
Woven material imports	439:	571:	622:	619:	728:	586:	
No. 43 - France: Yarn production	3.1:	3.4:	3.5:	3.7:	4.3:	:	
Stocks 1931-32	Apr. 6.7:	May 6.5:	June 6.6:	July 6.1:	:	:	
1932-33	6.0:	5.7:	5.7:	5.7:	5.7 :	:	
Orders 1931-32	Apr. 10.7:	May 10.2:	June 10.2:	July 9.7:	:	:	
1932-33	10.4	11.7:	11.5:	13.2:	13.7:	:	
No. 44 - France: Cloth production	460.4:	477.9:	506.3:	523.8:	572.0:	:	
Stocks	872.7:	838.8:	800.5:	800.5:	752.4:	:	
Orders	1,420.6:	1,581.3:	1,654.6:	1,777.1:	1,994.7:	:	
No. 45 - Italy: Spinning mill activity	57.9:	66.8:	67.6:	71.5:	73.1:	:	
Italy: Weaving mill activity	54.8:	60.7:	62.6:	65.5:	66.3:	:	
No. 46 - Czechoslovakia: Exports of yarn	1,446:	2,112:	2,654 :	2,623:	2,886:	:	
Czechoslovakia: Exports of fabrics	1,695:	2,291:	2,652:	1,713:	2,138:	:	
No. 47 - Japan: Yarn production	229,828:	230,398:	230,436:	240,648:	242,490:	246,549:	246,524
Japan: Cloth exports	208,291:	199,935:	200,398:	201,712:	210,627:	153,468:	234,030
No. 48 - Russia: Cloth production	:	209.6:	210.0:	180.0:	195.0:	180.0:	234.0
No. 49 - Consumption in India in 400 lb.bales:	210.4:	204.3:	203.4:	213.4:	216.0:	204.0:	
Consumption in India in 478 lb.bales:	176.1:	171.0:	170.2:	178.6:	180.8:	170.7:	
No. 51 - India: Imports of piece goods	129,068:	121,567:	90,153:	95,519:	82,238:	:	
No. 53 & 54 - United States: Mill stocks:	:	:	:	:	:	:	
American	1,035.7:	1,036.2:	1,219.8:	1,413.0:	1,486.5:	1,451.4:	1,393.9
All kinds	1,090.4:	1,087.3:	1,266.8:	1,456.9:	1,530.1:	1,495.5:	1,441.6
American Egyptian	6,194:	6,461:	6,076:	4,756:	5,354:	4,873:	5,243
Egyptian	33,713:	33,354 :	31,874:	30,791:	29,540:	26,758:	26,295
No. 55 & 56 - U.S.: Stocks in public storage	:	:	:	:	:	:	
American	6,508.8:	7,930.9:	9,792.0:	10,645.5:	10,316.6:	9,932.2:	9,537.8
All kinds	6,547.6:	7,969.3:	9,827.9:	10,677.4:	10,349.8:	10,020.8:	9,380.0
American Egyptian	9,343:	8,980:	10,276:	10,261:	10,048:	11,868:	14,385
Egyptian	33,134:	33,820:	30,809:	28,154:	28,856:	33,770:	36,512
No. 60 - Apparent supply of American	20,891:	20,050:	18,950:	17,974:	17,250:	15,780:	14,524
Visible supply of American	1,124:	1,174:	1,271:	1,457:	1,743:	1,826:	1,836
Visible supply of Foreign	1,899:	1,851:	1,717:	1,696:	1,634:	1,674:	1,790
Stocks at Bombay	805:	734:	686:	598:	520:	538:	652
Stocks at Alexandria	504:	448:	438:	504:	557:	567:	554

Continued -

Table number and description	1932 July	Aug.	Sept.	Oct.	Nov.	Dec.	1933 Jan.	Feb.
No. 61 U. S. Exports:								
Total	449,476	452,154	733,665	1,008,023	1,012,411	1,039,795	793,676	
United Kingdom	83,867	67,353	86,819	209,418	176,623	190,091	144,680	
Germany	73,481	104,868	252,979	244,279	181,411	163,461	153,803	
Japan	37,743	58,464	103,407	199,680	273,415	304,015	173,142	
France	16,245	76,003	111,477	106,500	118,318	96,561	74,961	
Italy	36,029	42,524	68,340	97,437	69,009	93,906	81,679	
China	60,421	39,413	6,620	13,821	23,830	41,878	39,405	
No. 63 - India: Total exports	84.0	69.7	136.5	100.9	101.7	137.8		
No. 64 - India: Exports to								
Japan	36,013	34,045	86,207	44,969	49,824	68,742		
India: Exports to								
China	10,760	2,615	323	295	0	1,270		
India: Exports to								
Italy	3,665	3,201	9,541	15,900	10,549	19,063		
No. 63 - Brazil: Total exports	387	507	0	0	0	0		
No. 76 & 77-U.S.Imports:								
Total	8,644	7,555	7,275	4,206	9,387	11,237	22,334	
Egypt	6,194	6,157	4,291	2,046	5,044	4,096	12,998	4,785
China	276	615	1,143	1,473	2,655	6,297	8,202	10,403
No. 79 - Japan: Imports:								
Total	175,481	128,107	172,768	195,320	197,277	280,443		
India	53,799	34,483	48,336	79,657	49,393	49,436		
United States	112,547	79,689	106,487	90,382	123,015	191,180		
China	7,557	12,070	13,983	19,619	20,199	22,868		
Egypt	1,496	1,726	1,833	5,020	3,780	14,594		
No. 80- United Kingdom: Imports:								
Gross, total	142,991	199,935	151,444	162,240	302,478	316,509	244,430	
Gross, United States	53,714	102,668	63,108	101,602	210,799	202,201	165,011	
Net, total	133,308	191,502	143,938	156,638	291,207	305,824	235,371	
Net, United States	48,478	99,745	60,587	100,355	207,858	198,157	160,218	

Table No. and description:	Year:	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
No.66-Egypt:													
Total	1932:	160,394:	164,975:	146,365:	119,390:	104,483:	89,540:	66,200:	82,749:	54,751:	97,715:	145,919:	
U. S.	1932:	6.2	3.8	10.3	16.3	16.6	2.6	2.3	4.4	2.3	3.6	8.1	
U. K.	1932:	54.4	43.0	57.0	37.2	26.6	23.6	26.9	23.5	13.8	30.4	44.7	
No.71-Peru:													
exports	1931:	4,981:	5,048:	8,599:	13,846:	28,453:	34,622:	35,866:	27,498:	17,749:	19,026:	15,260:	5,354
	1932:	3,342:	5,150:	4,256:	7,024:	15,261:	28,830:	51,707:	31,572:	33,071:	21,286:	9,284:	4,353
No.73-Sudan:													
exports	1932:	6,056:	37,425:	33,574:	26,108:	13,336:	4,607:	6,510:	18,676:	6,547:	5,180:	6,246:	12,137
No.74-Argentina													
exports	1932:	434:	927:	1,725:	8,071:	14,168:	23,098:	22,968:	24,620:	16,050:	8,934:	5,756:	1,909

Table No.67 -Egypt: Export for season 1930-31

United Kingdom	564.1
United States	73.0
France	150.5
Italy	127.7
Germany	162.4
Japan	90.3
Switzerland	49.6
Spain	69.0
Austria	15.5
Belgium	11.1
Czechoslovakia	33.7
Poland	17.3
Russia	76.3
India	77.8
Other countries	50.7
Total	1569.2

Table No. 29- Production reported for 1932-33

United States	12,994,000
Mexico	94,835
Brazil	347,603
Bulgaria	8,000
Spain	4,000
Greece	16,000
Egypt	950,000
Anglo-Egyptian Sudan	119,528
Uganda	230,000
Russia	1,900,000 to 2,000,000
India	3,800,000 to 4,000,000
China	2,300,000
Chosen (Korea)	127,000
Nigeria	17,000

Table No.70 - China: Exports in 1931

Japan	194,170
United States	19,065
Germany	1,179
Other countries	5,910
Total	220,324

Table No.72 -Peru: Exports

Total, 1931	216,298
Total, 1932	214,136

(not available by countries)

Table No.69-Brazil: Exports:

Total, 1932	2,375

(not available by countries)

Table 33-Mill consumption by growths, 6 months, ended January 31, 1933 (Preliminary)

Locality	American	East Indian	Egyptian	Sundries	All kinds
America	2,829	11	30	326	3,196
Europe	2,525	554	336	1,140	4,385
World excluding U.S.	4,096	2,049	435	2,507	9,087
World	6,845	2,060	462	2,520	11,887
United States	2,749	11	27	13	2,800
Asia	1,445	1,685	55	924	4,109
Great Britain	665	56	143	216	1,080
Japan	899	438	25	26	1,388
Germany	455	51	44	51	579
France	368	74	53	32	527
Italy	316	47	31	9	403
British India	89	1,154	21	108	1,372
China	457	93	9	790	1,349
Russia	-	23	30	760	813
Czechoslovakia	132	11	10	8	161
Spain	154	21	21	8	204

Table 52-Mill stocks August 1, 1932 (revised) and February 1,1933 (Preliminary)

Locality	American		East Indian		Egyptian		Sundries		Total	
	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1
America	1,213	1,513	15	7	23	20	70	127	1,321	1,670
Europe	695	755	153	148	135	151	314	292	1,327	1,547
World excluding U.S.	1,379	1,253	1,016	824	207	191	648	805	3,250	3,073
World	2,543	2,704	1,031	831	228	209	630	817	4,462	4,561
United States	1,134	1,451	15	7	21	18	12	12	1,212	1,488
Asia	626	416	860	672	39	35	252	335	1,757	1,458
Great Britain	63	68	12	15	37	33	50	56	162	172
Japan	370	270	134	62	17	17	9	14	550	363
Germany	129	120	33	25	20	16	13	14	195	173
France	132	141	36	42	30	31	16	21	214	235
Italy	149	176	19	22	29	25	7	4	204	225
British India	102	55	692	591	19	16	59	47	872	689
China	154	111	34	19	3	2	164	274	355	406
Russia	-	-	5	5	10	10	200	180	215	195
Czechoslovakia	34	40	3	3	3	5	2	4	42	52
Spain	22	26	3	4	8	8	2	1	35	39

Table 87- Price indexes of cost factors in cotton production,1932-33 (Preliminary)

Crop year	Man labor	Mule labor			Fertilizer	Ginning	Cotton-seed	Machinery	Weighted average
		Prices of mules	Prices of feed	Weighted average					
1932-33(Prel.)	74	46	48	48	105	115-125	47	150	76-77

1932-33:	G.M.	St.M.	S.L.M.	L.Mid.	S.G.O.	G.O.	Mid.	S.L.M.	S.M.	Mid.	G.M.	S.M.	S.M.	Mid.	S.M.
Aug.	31	19	23	48	79	108	22	47	38	50	56	35	57	57	80
Sept.	34	22	27	53	84	114	25	51	39	55	56	87	58	59	88
Oct.	40	26	29	60	94	151	28	59	42	59	40	94	41	66	94
Nov.	41	27	31	61	96	135	30	61	42	62	41	97	41	67	96
Dec.	41	27	30	58	92	127	29	58	40	60	58	93	39	64	91
Jan.	40	26	28	57	88	120	27	56	38	58	56	89	38	63	87
Feb.	40	26	25	56	84	118	26	52	37	57	53	87	58	63	85

Table 19 - Ginnings from the 1932 crop to; Oct. 1 - 4,835.5; Oct. 18 - 7,311.2; Nov.1 - 9,245.5; Nov. 14 - 10,532.7; Dec.1 - 11,651.4; Dec. 15 - 12,085.6; Jan. 16 - 12,418.3 Preliminary total - 12,703.

Table 20 - Production estimate as of: Oct. 1 - 11,425; Nov.1 - 11,947; Dec. 1 - 12,727; semi-final 12,994.

Table 28 - Estimated world production, 1932-33; excluding China - 21,700; including China 24,000; excluding China and Russia - 19,750. Estimated foreign production, 1932-33; excluding China 8,706; including China 11,006; excluding China and Russia 6,756.

Table 30 - Egypt, 1932-33: production, 950; acreage, 1,135; average yield, 400; India, 1932-33: production, 5,300 to 4,000; acreage 22,350; average yield 81 to 86.

Table 16 - Semi-final ginnings, 1932-33

No.	307	Ark.	1,326
Va.	31	La.	610
N. C.	663	Okla.	1,084
S. C.	716	Texas	4,497
Ga.	854	N.Mex.	70
Fla.	15	Ariz.	69
Tenn.	480	Calif.	129
Ala.	949	All others	14
Miss.	1,179	United States	12,994

Table 40 - Piece goods exports from United Kingdom, 1932

Germany	28.07	United States	10.55
Switzerland	42.70	Brazil	2.87
Italy	2.05	Argentina	115.99
Turkey	25,73	British W. Africa	159.55
Egypt	81.91	British S. Africa	51.09
Dutch E. Indies	43.37	British India	652.38
China(including Hong Kong)	125.46	Australasia	207.09
Japan	4.20	Total	2,198.04

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WORLD COTTON PROSPECTS

Summary

From April 3 to April 13 cotton prices in domestic markets advanced 48 points, but reacted a few points on April 17. Since then there has been a rather sharp advance, most of which has been due to the decline in the exchange rate of the American dollar. During the week ended April 22 prices of American cotton in Liverpool made little net change and prices of most foreign growths remained about unchanged. Since late February, however, prices of American cotton in foreign markets have shown greater strength than prices of most foreign cottons, particularly Indian. In late February certain types of Indian cotton at Liverpool averaged almost 90 percent of American middling and low middling, but by April 21 they averaged only 83 percent. Nevertheless, this still leaves Indian higher in comparison with American than on the average of recent years.

With the recent cotton price advance there has been considerable increase in domestic textile sales so that mill owners are no longer talking of having to reduce activity in order to bring output in line with production. Should domestic mills maintain their present rate of activity for the remainder of the season, the season's consumption will greatly exceed that of 1931-32 and go somewhat above that of 1930-31. British mills are said to have reduced activity still further during recent weeks, although their foreign shipments of piece goods for March were the highest for almost 3 years. On the Continent mill activity is said to have been relatively stable in recent weeks after many weeks of slow recession. Toward the end of March business in cotton textiles improved on the Continent and in early

April the sentiment in textile circles was that sales would show further revival during the month, particularly in western Europe and Italy. In Japan mill activity has held up well, although textile sales are said to have been not so satisfactory. Activity in China in the past month or so has increased, but reduced demand has brought an accumulation of yarn stocks which by mid-April were said to be quite large, and as a result a curtailment measure has been agreed upon by a large proportion of the mills.

The reports of the Weather Bureau indicate that in the eastern portion of the Cotton Belt the planting of the domestic crop has made about normal progress so far this season. In the central portion of the belt, however, the planting and preparation has been considerably delayed and hampered by the excessive moisture in the soil. In some sections of this region the rains have resulted in the overflow of streams and the inundation of some of the lowlands not protected by levees. While fertilizer tag sales in the Southern States have been running considerably above last year (29 percent during March), most of the increase has occurred in the South Atlantic States, particularly in North Carolina. In North Carolina only about one fourth of the fertilizer sold is used on cotton and in South Carolina and Georgia about two fifths and one half respectively is used on cotton so that increases in fertilizer sales in these States do not necessarily mean increases in the amount to be used on cotton. With the indications pointing to very large increases in tobacco acreages in these States this year there is considerable question as to whether there will be any material increase in the fertilizer used on cotton despite the increase in tag sales. Reports continue to indicate a large increase in the cotton acreage in Egypt this year. The increase may equal or even exceed 50 percent and acreage may attain something like the peak acreage reached in 1930.

Prices

During the banking holiday cotton prices advanced considerably on the strength of the talk of inflation and on March 16 prices were more than one half cent above those before the holiday on March 3. All of this gain had been lost by March 21 and for the remainder of the month prices remained unusually stable. Early in April, however, with a rise in the prices of stocks, corn, and wheat, the cotton market became active and prices advanced sharply. From April 3 to April 13 middling 7/8 inch in the ten markets advanced from 6.22 to 6.70 cents per pound. The following market day, April 17, prices reacted to 6.52 cents but gained 15 points the next day. With the declaration that the United States had gone off the gold standard on April 19 prices jumped 40 points or $2.00 per bale with a further advance of 35 points by April 25. Practically all of the advance in domestic prices since April 18 has been accounted for by the depreciation in the exchange value of the American dollar. When prices in domestic markets are reduced to a gold basis there has been little change since it was officially declared that the United States was off the gold standard. Some of the price advance immediately preceeding April 19 was also due to the depreciation of the exchange rate of the dollar.

British currency prices of American cotton have held about steady. In Liverpool American middling sold for 5.30 pence per pound on April 21 compared with 5.37 on April 13 and 5.28 pence on April 7. During that period there was little change in the prices of foreign cotton so that the relative prices of American and competing foreign cottons remained about the same as immediately before the United States went off the gold standard. However, since late February prices of American cotton in Liverpool have been considerably stronger than most foreign cotton, particularly Indian. On February 24 three important types of Indian cotton at Liverpool averaged 90 percent of the price of American middling in that market, but on April 21, 83 percent. While this makes Indian much cheaper relative to American than in recent months, Indian is still relatively higher than the average of the past 10 years, which has averaged about 80 percent. A part of the greater strength in the price of American probably reflects the reactions to the legislative measures which are now being discussed in Congress.

Stocks and Movement

Apparent supply of American in United States

The apparent supply of American cotton remaining in the United States on April 1 amounted to 12,828,000 bales compared with 12,984,000 bales a year earlier and 9,472,000 bales on April 1, 1931. Of the total on April 1 this year 8,863,000 bales were located in public storage and at compresses and 1,289,000 bales at mills. The remaining 2,676,000 bales represents stocks "elsewhere" including stocks on farms, interior towns, in transit, etc. On April 1 last year stocks in public storage and at compresses amounted to 8,751,000 bales and 1,513,000 bales, with about 2,720,000 bales "elsewhere".

Domestic exports

The 488,000 running bales of American cotton exported during March this year amounted to only 53 percent of exports in March 1932, 77 percent

of the 5-year average for March, and were the smallest for the month since 1924 with the exception of 1930. Although exports during most months this season have been below a year earlier they have on the whole been running above average except for the past 2 months. Total exports from August 1 to March 31 this season amounted to 6,085,000 bales compared with 6,852,000 bales during the first 8 months of last season and a 5-year average of 6,123,000 bales.

The sharp drop in exports during the past 2 months as compared with a year ago and with average, reflects the unfavorable turn in the textile situation in Europe and in the Orient. Until recently most important European countries were taking more American cotton than in the like period last season. In the past 2 months, however, textile mill activity in many of the European countries has declined from the improved levels reached in December and January.

A part of the recent decline in American exports is possibly accounted for by the recent sharp decline in the prices of Indian cotton relative to American (see price section, page 3). The relative decline in the price of Indian is said to be affecting purchases in Japan and is no doubt influencing purchases in European countries. It seems probable that at least part of the recent increase in Indian exports has been as a result of the more favorable price parity.

Exports of Indian and Egyptian cotton

During the 6 weeks from March 2 to April 13 exports from India amounted to 298,000 running bales compared with 164,000 bales during the like period last season or an increase of 82 percent. From August 1 to the beginning of this period (March 2), however, Indian exports showed an increase of only 12 percent over the like period last season. As pointed out above, a part of this increase in recent weeks seems likely to have been due to the recent increase in the spread between the prices of American and Indian. However, with the movement of the 1932-33 Indian crop reaching its peak in recent weeks, it is natural that exports should be above last season since the crop is considerably larger than in 1931-32.

Exports of Egyptian cotton during the 6 weeks ended April 12 totaled 101,000 running bales compared with 112,000 bales during the corresponding period last year and 95,000 bales 2 years ago. For the season August 1 to April 12 total exports from Egypt amounted to 595,000 Egyptian bales whereas during the like period last season they totaled 783,000 bales and in 1930-31, 647,000 bales. The Egyptian crop while proving to be considerably smaller than in 1931-32 is not as much smaller as had been expected.

Textile Situation

United States

Domestic mill consumption during March totaled 494,000 running bales which was approximately the same as in March 1932 and March 1931. On a daily basis, March consumption was about the same as in February. Since the report of the Cotton Textile Merchants of New York is no longer being released, it is impossible to say definitely just what has been taking place in the domestic

cotton textile markets. Up to mid-April, however, scattering reports and comments indicated that the textile market had been quiet and stocks increasing somewhat. As a result there was considerable talk of curtailment, with southern mills considering the elimination of night shifts. Since the United States went off the gold standard and cotton and other prices have made considerable advances, textile sales have increased materially, apparently eliminating, for the time being at least, the talk of curtailment. Unless a marked curtailment in consumption should take place during the last 4 months of the season, domestic mills should use considerably larger quantities than during the latter part of last season. In the last 4 months of last season the sharp curtailment which took place resulted in a drop of more than 40 percent in consumption, and in July consumption reached the lowest level for more than two decades. So far this season total cotton consumption in the United States has been about 181,000 bales above the like period last season, and 363,000 bales above the first 8 months of 1930-31. Therefore, unless activity is curtailed, total consumption for the season will exceed that of either last season or of 1930-31.

Great Britain

Weekly reports from Manchester during the past few weeks indicated that both the domestic and foreign demand for British piece goods had been slow. Reports so far during April indicated that new business continued slow with sales below production and an increasing amount of machinery being stopped. However, the reports during March indicated that foreign demand for cotton textiles were low, yet the report of the Board of Trade showed that exports of piece goods during March amounted to 209,900,000 square yards. This was 15,300,000 square yards above February, 7,300,000 square yards above March, 1932, and was the highest for any month for almost 3 years. At mid-April the export market was reported as slow due to Japanese competition, as well as general business conditions. The Indian Government has taken steps which may lessen Japanese competition in that important market.

Continental Europe 1/

The slackening tendency evident in sales and mill activity of the continental cotton industry since the first of the year continued well into the month of March, but seems to have taken a subsequent turn for the better. The banking crisis in the United States influenced the trend noticeably, as with the passing of the crisis a better tone developed. Continental business in both raw cotton and manufactured goods picked up toward the end of March after pronounced quiet during the first 3 weeks, and sentiment at the beginning of April was improved, especially in western Europe and Italy. In fact, textile circles anticipated some further revival in sales during April.

Mill activity in both continental cotton spinning and weaving establishments appears to have levelled out during March after quite a number of weeks of slow recession. Taking the Continent as a whole, however, the general level of operations can be regarded as relatively satisfactory, considering the very depressed state of manufacturing and business activity in virtually all other trades.

1/ Based largely on a report from Agricultural Attache L. V. Steere at Berlin dated April 7 supplemented by cable April 13.

Continental spinner buying of raw cotton during March was of exceedingly small volume. The financial crisis in the United States , with the resultant closing of the American exchanges and the suspension of cotton quotations were, naturally, major reasons for the lack of business, and some improvement occurred in both spinner buying and price-fixing with the resumption of trading and the rapid passing of the immediate crisis. C.i.f. import buying by merchants during March, however, was relatively quiet on the whole.

Germany

March was a month of unusual quiet in German cotton markets, because of the uncertainty attendant upon the financial crisis and the closing of the commodity exchanges in the United States. Press and private reports on developments in the German textile situation have been meager and uncertain, but such information as is available indicates that the sale of cotton yarn and cloth remained rather unsatisfactory during March, with new orders being mostly for immediate delivery. Export sales of cotton cloth likewise continued exceedingly small. Cotton mill activity, nevertheless, does not appear to have undergone any significant change.

The German cotton spinners report for the month of February has confirmed the press reports of a decline in new orders as compared with January. Saxony alone reported a revival of new business around the middle of February, though only at inadequate prices. Mill activity, says the report, remained about on January levels, with the exception of 2 cylinder spindles (coarser counts of yarn), which in places underwent considerable restriction. Nevertheless, there was still some expectation of a certain revival in business for the near future. British competition, according to the spinners' statements, had been further intensified, not only in fine counts, but in medium and coarse counts as well.

The report of the German cotton weavers for February indicated little change in the position of the mills as compared with the previous month. Internal political uncertainties were restricting the spirit of enterprise with many customers, and orders were being placed only on a short term basis. Demand for teaselled cloths has slightly improved, but for colored weavings it remained quite unsatisfactory. Prices were generally low.

German spinner buying of raw cotton during the first half of March was very small. American developments were an important cause, but the cautious attitude of spinners was also attributed to internal political uncertainty. Toward the end of the month, however, spinner buying was somewhat improved and price-fixing orders were placed with increasing frequency.

A recent report from Budapest indicates that Germany is negotiating for the delivery of raw cotton to Hungary in exchange for certain Hungarian agricultural products. It is reported that the value of the exchange will amount to approximately $1,500,000, which would involve from 30,000 to 40,000 bales of raw cotton. As the German Dye Trust is mentioned as seller of the cotton, there seems to be some connection between this trade and the exchange of German nitrogen for Egyptian cotton effected at the end of 1932

by the Dye Trust. Official confirmation of the announcement is not yet available.

A rather important development from the standpoint of the German cotton industry is the recent increase in the Swedish import tariff on stockings, which occurred with the expiration of the German-Swedish trade treaty on February 15, 1933. These tariff increases are very injurious to the German industry, though production of rayon stockings is even more affected than cotton.

Recently published balance sheets of German cotton textile concerns indicate rather unfavorable results for 1932. Of four concerns which have issued statements recently, three have suffered a loss and are paying no dividends, while one pays 6 percent.

Czechoslovakia and Austria

The situation of the Czechoslovakian and Austrian cotton industries continues unsatisfactory. The many restrictions on the importation of cotton manufactures into Austria do not seem to have helped the industry significantly, because domestic buying power is not improving and the ability of the industry to sell its output is, therefore, greatly restricted. Export possibilities have not improved either, which is a handicap to the industries of both Czechoslovakia and Austria. The recent conflict between Germany and Czechoslovakia over the transfer of payments from one country to the other, was also injurious to the Czech industry.

France

March reports from the French cotton textile centers indicate rather quiet business in cotton yarns and cotton fabrics and substantially unchanged mill activity, though a revival was apparent toward the end of the month. Both the North and Normandy, as well as eastern mills, reported lack of buying interest for cotton yarns and fabrics up to the middle of the month. It was clearly evident that buyers were strongly influenced by the financial uncertainty in the United States. Following more favorable banking reports, however, and on the re-opening of the American cotton exchanges, improvement in cotton yarn and cotton fabrics business occurred during the second half, and particularly at the end of the month, and mill activity rose somewhat.

French cotton spinners' buying through Le Havre was quiet for the first 2 weeks of the month, but showed some improvement in spot cotton during the second half. Price-fixing was quite active. Many French cotton observers, however, seem to think that the supply of old crop cotton in the hands of the industry is now sufficient to last them for the remainder of the season, and that there will be little necessity to make purchases before the new crop assumes importance. Recently published balance sheets of certain important French cotton textile firms showed some improvement for the year 1932 - a fact which has been favorably commented upon and which has stimulated market sentiment well into April.

Italy

The unfavorable trend in the Italian cotton mill situation reported for the month of February continued well into March and very little business was done in yarn and cloth, or in raw cotton, during most of the month. Toward the end of the month, however, improvement in both yarn and fabrics sales occurred, with export demand particularly improved, and spinner margins even widened slightly.

Cotton spinner purchases of raw cotton during March were very small, with even some re-selling evident. At the end of the month, however, both c.i.f. and spot buying became somewhat larger. A considerable handicap to new import business still exists, nevertheless, in the large stock of raw cotton accumulated at Genoa.

Some trade observers in Italy expect a continuation of the end-of-March improvement in the cotton textile situation. The statistical position of the industry, as reflected by certain index figures, is, in fact, rather favorable. The relation of yarn sales to current production has been favorable continuously for many months, with yarn stocks slowly but steadily declining. The level of unfilled orders on hand in the spinning and weaving mills likewise seems sufficient to assure maintenance of operations, as they are indicated to be considerably above the same time last year and 2 years ago. Mill activity is fluctuating around last year's level at this time.

Soviet Russia

The Russian cotton textile mills produced 234,030,000 yards of finished fabrics and 61,632,000 pounds of yarn during February. This compares with 223,094,000 yards of cloth and 60,847,000 pounds of yarn in the same month of last year. During March total cloth production amounted to 258,100,000 yards, compared with 239,500,000 yards in March 1932 and was the highest for any month for almost 3 years.

Japan 1/

During February and March the demand for Japanese piece goods in both Japan and foreign markets has been reported as slack, which, in combination with the uncertainty regarding the yen exchange rate, caused continued dullness in raw cotton transactions. A decline in the yen exchange, thereby improving the export prospects for cotton manufactures, would probably result in important purchases of American cotton.

Toward the end of March Japanese spinners are said to have been making a profit of approximately 5 yen per bale or slightly more than $1.00 per bale at the current rate of exchange. One month earlier they were reported as operating on the average at a slight loss or at least without a profit. Yarn production in March continued at a level approximately equal to that of February which was the highest for more than 3 years and was only 3 percent below the all-time high point reached in late 1929. For the 8 months ended March 31 total yarn production amounted to 1,915,000 bales of approximately 400 pounds. This was only 5 percent above the high level of last season, but

1/ From a radiogram received from Shanghai, China the first of April based on a report prepared by Consul Donovan at Kobe in late March.

was 21 percent above the like period of 1930-31 and was the highest for the period in the history of the Japanese industry. The foreign demand for piece goods since January, and the low home demand lead to doubt that yarn production would continue at these record levels. However, piece goods exports picked up materially in March, the 182,900,000 square yards exported exceeding those of January and February by almost 20 percent. March exports were still about 10 percent below the levels prior to the drop in January.

The price parity between American and Indian cotton in Japan continues to become more favorable to Indian and was reflected in Japanese purchases, and in March imports of Indian increased to the highest levels for 2 years. Imports of American cotton are still running above imports of Indian, however.

China 1/

At mid-April the yarn market in China was reported as depressed as it had been for several weeks. As a result yarn stocks continued to increase and something like 30,000 bales were said to have been added to the large stocks of a month earlier. These developments brought about the introduction of a curtailment measure by the Chinese Cotton Mill Owners' Association which was to become effective April 22 for 1 month's trial pending new measures to cope with the yarn situation. The curtailment agreed upon was 23 percent but it is indicated that mills comprising only 1,500,000 spindles or 71 percent of the total of 2,100,000 spindles in the association, had accepted the measure up to mid-April. Some mills in Hankow, Wusih and Shanghai have not accepted the proposal according to reports. It is not definitely known what the curtailment situation among the Japanese mills will be but it is thought that the curtailment in this important section of the Chinese industry may equal 25 percent. The future curtailment will depend upon the reaction of the yarn market to the reduced output now in effect.

The poor yarn market is said to be the cause of the small business being done in American and Indian cotton.

The piece goods market has shown some seasonal activity but clearances were irregular or confined to local markets. Some active buying was reported from Yangtze cities, but support was lacking from northern parts. The market was nervous with only negligible bookings of foreign goods most of which was for inferior quality.

Acreage, Production and Crop Conditions

United States

Quality of the 1932 crop - Of the 12,703,000 running bales reported by the Bureau of the Census as the total 1932 crop all but about 8,300 bales was American upland, the remainder constituting the American-Egyptian production. This was the second smallest crop of American-Egyptian since 1918 and was less than one tenth as large as the record crop of 1920. While the 1932 crop was much lower in grade than the 1931 crop it was only slightly different in staple length on the average, according to a recent report of this Bure

1/ Based largely on a radiogram on April 14 from Agricultural Commissioner Dawson at Shanghai.

About 27 percent of the American upland cotton of the 1932 production was white strict middling and above, compared with 41 percent in 1931-32. The percentage of the crop shorter than 7/8 inch was 6.5 compared with 6.1 percent the previous year; 7/8 and 29/32 inches was 37.7 percent compared with 39.7 percent; 15/16 and 31/32 inches amounted to 28.9 percent in 1932 and 27.2 percent in 1931; that which was 1 inch to 1-1/32 inches equaled 14.4 percent of the crop compared with 15.4 percent in 1931; the comparisons for 1-1/16 and 1-3/32 are 6.9 and 6.5 percent and for 1-1/8 inch and longer 5.6 and 5.1 percent respectively in 1932 and 1931.

Planting progress, 1933 crop - Cotton planting and the progress of the 1933 cotton crop has been about normal so far this season in the eastern portion of the belt, according to weekly reports of the Weather Bureau. In the central portion of the belt, including eastern Arkansas, the soil has been entirely too wet for satisfactory planting during the past 2 or 3 weeks. In some sections the rains have resulted in overflows and the covering of the lowlands not protected. In the western part of the belt, progress of planting has in general been fair although during the week ended April 18 the progress in Texas was reported as slow due to wetness in the eastern part of the State and to dryness in other sections.

Fertilizer tag sales - During March fertilizer tax tag sales in the eight principal cotton producing States (excluding Oklahoma where little fertilizer is used) exceeded those of March 1932 by 29 percent as did sales in the 12 Southern States. This was due largely to the heavy sales in the Atlantic States. In these States, however, the intention to plant statement indicated that large increases in tobacco acreages are expected, making it questionable whether the major portion of the increase will be for cotton. During the 4 months ended March 31, total tag sales in eight States were 19 percent greater than during the same period last season, but in four of the eight States sales for the 4 months have been smaller than a year earlier and in Alabama the increase has amounted to only 9.7 percent. (See table on page11.) The large increase for the season, therefore, has likewise been due to the sales in North Carolina, South Carolina, and Georgia. Even in these States, however, sales for the 4 months this season have been 18 to 52 percent less than for the 4 months ended March, 1931, and 41 to 64 percent less than in the 4 months ended March 1930.

In evaluating the reports of the National Fertilizer Association insofar as they pertain to the cotton situation, it is significant to note the sales by States and to bear in mind the proportion of fertilizer sold in each State which is used on cotton. In North Carolina this Bureau's estimate of the amount of fertilizer used on cotton for the three crops 1930 to 1932 averaged about one fourth of the total tag sales, in South Carolina about two fifths of the total, and in Georgia slightly over one half. In such States as Virginia, Florida, and Missouri the percentage of the total fertilizer which is used on cotton is very small, averaging in the past 3 years in the neighborhood of 3 percent. In Tennessee, the percentage is about 30. These four States are often included in the releases giving total tag sales in the Southern States.

While North Carolina uses only a small proportion of its fertilizer on cotton the quantity used is so large that tag sales in that State cannot

be overlooked from the standpoint of cotton prospects. However, it is exceedingly important to evaluate sales in North Carolina in light of the particular developments which may be taking place. This is especially true this season since tag sales in North Carolina for the 4 months ended March 31 were 35 percent above the like period a year earlier. This increase seems to be associated with the prospects for a material increase in tobacco acreage in that State and some increase in potato acreage. The intentions to plant report of the Bureau shows that if farmers in North Carolina carry out the intentions they indicated in the March 1 canvass they would increase tobacco acreage in that State by 37 percent.

Increases of 25 and 110 percent respectively in tobacco acreage were indicated in South Carolina and Georgia but the total is relatively small. In these States the sales of tags have shown increases of 21 and 18 percent respectively.

In Alabama cotton usually gets something like threefourths of the fertilizer sold so that the increase in tag sales of almost 10 percent probably indicates an increase of fertilizer used on cotton this year. In Mississippi fertilizer applied to cotton during the past 3 years has averaged about 70 percent of total tag sales and in Louisiana more than 50 percent. So far this season, however, tag sales in these States, as in Arkansas and Texas have been below last season.

Fertilizer tag sales in specified States,
4 months ended March 31, 1930-1933

State	4 months ended Mar. 31				Percentage 1933 is of		
	1930	1931	1932	1933	1930	1931	1932
	Short tons	Short tons	Short tons	Short tons	Percent	Percent	Percent
North Carolina	728,392	545,520	265,772	359,942	49.4	66.0	135.4
South Carolina 1/	509,175	363,169	247,223	299,520	58.8	82.5	121.2
Georgia	695,602	518,788	210,753	249,198	35.8	48.0	118.2
Alabama	434,200	239,000	100,850	110,650	25.5	46.3	109.7
Mississippi	294,224	112,850	45,350	35,895	12.2	31.8	79.2
Arkansas	109,877	33,796	10,650	8,475	7.7	25.1	79.6
Louisiana	143,014	65,723	26,054	23,217	16.2	35.3	89.1
Texas 1/	107,034	52,087	23,637	20,202	18.9	38.8	85.5
Total 8 States	3,021,518	1,930,933	930,289	1,107,099	36.6	57.3	119.0

Compiled from Monthly Reports of the National Fertilizer Association.
1/ Includes cottonseed meal sold as fertilizer.

Russia

Field operations are now under way in all the Russian cotton growing districts, but press reports indicate that preparations for cotton planting had not been completed on time. It appears that all of the different cotton regions have assembled their seed funds, but that proper sorting of the seed, the lack of which reduced yields and quality of the fiber in previous years, may again cause difficulty. Tractor repairing is still behind, with 10 percent

of the machines in the cotton tractor stations still unrepaired on March 20 for the Union as a whole, and 15 percent unrepaired in some regions, although the plan called for completion of overhauling in the cotton regions by March 1.

No information is yet available as to moisture conditions, and as to the actual state and progress of field work. It is indicated, however, that the plan to introduce scientific crop rotation in the cotton regions this year will not be realized, apparently because of the lack of alfalfa and other seeds. On the other hand, a new system of paying the machine tractor stations in kind for work performed is expected to improve labor discipline, with a beneficial effect on the character of work, and correspondingly, on cotton yields.

Another new measure introduced this year is that of measuring fields before planting takes place in the hope of preventing the reporting of larger plantings than have actually occurred. The large over-estimation discovered in last year's acreage figures has led to this step.

The Commissariat of Agriculture of the U. S. S. R. indicated recently that despite exceptionally favorable weather conditions, a number of cotton regions had lower yields in 1932 than in 1931, with only Uzbekistan and part of Kirgeesia showing some turn toward an increase in yields. As a result, it stated "the 1932 cotton procuring plan was not executed and the textile mills of the Union did not receive millions of poods of cotton", 1/ which should have come.

The regions where yields were most unsatisfactory are indicated to have been Kasakstan, Tadjikistan and Turkmenia, which comprise about 20 percent of the total cotton acreage of the Union. Some improvement was reported in the case of Uzbekistan and parts of Kirgeesia, the former of which is the heaviest cotton producer in the Union, comprising about 45 percent of the total cotton acreage. While these statements are too vague to enable the drawing of definite conclusions as to the actual 1932 cotton output, it is felt these exports substantiate the Bureau's previous estimate of 1,900,000 to 2,000,000 bales.

Egypt

Ginnings from the 1932-33 crop - In December the Egyptian Government released its latest estimate (or forecast) of the 1932-33 crop which placed the crop at 870,000 bales of 478 pounds but up to the first of April ginnings had already reached 940,000 bales including 21,000 bales of scarto. This is the last ginnings report until the semi-final ginnings report is released in June. Ordinarily there is something like 5 to 10 percent of the crop ginned after April 1 although it might reasonably be expected that a somewhat larger proportion of the total crop this year had been ginned up to April 1.

1933 acreage prospects - The indications at present are that the 1933 Egyptian cotton acreage may increase at least 50 percent, returning to cotton all or even more than the 600,000 acres which were taken out in 1932. Some reports, according to P. K. Norris, Cotton Specialist at Cairo, indicate that the acreage may exceed that of 1931 and may even approximate the record acreage of 1930. In 1932 the acreage was reported at 1,135,000 acres, in 1931 at 1,747,000 acres, and in 1930 at 2,162,000 acres.

1/ The 1932 cotton procuring plan was previously reported 1,450,000 tons of unginned cotton.

One reason for the large increase is the disappointing returns received from the cereal crops last year, the acreages of which were materially increased in 1932 due to the cotton acreage restriction decree. This, together with the fact that the acreage restriction decree has essentially been removed and a large supply of labor is available, seems to point conclusively to a substantial increase.

By the latter part of March it was reported that preparations for the new crop had progressed well with favorable climatic conditions. Planting was reported to have taken place in some districts at that time with the prospects for general planting within a short time.

India

The final acreage and production estimate of the Indian Government placed the 1932-33 crop at 3,779,000 bales of 478 pounds, an increase of 411,000 bales over the revised estimate of the 1931 crop. The final estimate of production was 237,000 bales larger than the first official estimate and somewhat larger than the second estimate of production, yet it is still smaller than the members of the Bombay cotton trade expected. The final acreage was placed at 22,558,000 acres compared with a revised final for the 1931-32 crop of 23,722,000 acres. This decrease of 1,164,000 acres is equivalent to a decrease of 5 percent, whereas the early acreage reports indicated a decrease of only 3 percent. The yield per acre as now reported was about normal and about 18 percent above 1931.

This Bureau refused to accept the first production estimate of the Indian Government, which indicated that the 1932 crop would be only 141,000 bales larger than the very short crop of the previous year. The present official estimate, showing an increase of more than 400,000 bales above 1931-32, appears more probable in accordance with past practices the final official estimate is being accepted. The receipts at Bombay and the ginnings figures, however, are now running about 500,000 bales above 1931-32.

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WORLD COTTON PROSPECTS
WITH
SPECIAL STATISTICAL SUPPLEMENT

Summary

Domestic sales of cotton textiles have increased materially with the advancing prices of raw cotton and other commodities in recent weeks, and have for some time been running above the increased output. Cotton textile production during the first part of May is said to have been the highest in 3 years. Shipments of cotton goods have also been large so that stocks have been decreasing despite the increased production.

In the second and third weeks of May, British manufactures experienced better business in cotton textiles, with sales above production. On the Continent increases in textile sales and activity in Germany have been reported, with a little evidence of improvement in France and some of the other countries. In Japan cotton consumption in April reached record levels by exceeding the previous peak of December 1929, and total consumption for the first 9 months of the season was the highest on record. Mill activity in China has been curtailed in recent weeks as a result of slack yarn sales and the resulting accumulation of stocks.

Domestic exports of raw cotton were rather low during April but especially during the first part of the month. After the suspension of gold payments by the United States about mid-April and price advances, exports increased to levels above a year earlier whereas for the month as a whole they were 20 percent below last year. For the first three quarters of the season domestic exports were almost 900,000 bales less than in the like period last season. However, due to the large stocks of American cotton on hand in the Orient at the beginning of the season foreign consumption of American cotton

is running above last season despite the decreased exports.

Prices

After the United States suspended gold payments at mid-April, domestic cotton prices advanced rather steadily and by May 12 had gained more than 2 cents per pound. On that day the average of the ten markets was 8.79 cents, the highest price reached so far this season with the exception of 2 days late last August, when the ten markets reached 8.84 cents per pound. The price on May 12 was 3.34 cents per pound or $16.70 per bale above the low point of this season made on December 5. Since May 12 cotton prices have declined somewhat with the ten markets averaging 8.10 cents on May 20, although by May 24 the average price in these markets had recovered to 8.49 cents per pound.

In Liverpool prices of American cotton in British currency advanced about 11.0 percent from April 13 to May 19 while prices in domestic markets advanced 24.2 percent during this period and Liverpool prices reduced to United States currency advanced 25.0 percent. The price of American has been considerably stronger than Indian, during recent weeks and the spread between American and Indian is now much greater than it has been during most of the past year and a half.

Stocks and Movement

Apparent supply of American cotton in the United States

On May 1 the apparent supply of American cotton remaining in the United States is estimated to have totaled about 11,933,000 bales compared with 12,119,000 bales of a year earlier, and 8,584,000 bales May 1, 1931. Of the total stocks on hand in the United States on May 1, 1,314,000 bales were located at consuming establishments, and 8,110,000 bales in public storage and at compresses. The remaining 2,514,000 bales was composed largely of stocks on farms, although the figure includes, in addition, stocks in some of the interior towns, stocks in transit, etc. On May 1 last year stocks of American cotton at domestic consuming establishments totaled 1,483,000 bales, and stocks in public storage and at compresses, 8,146,000 bales, leaving a total of 2,490,000 bales on farms and elsewhere in the United States.

Domestic exports

During April exports of American cotton amounted to 436,000 bales compared with 488,000 bales during March, and 545,000 bales during April last year. Exports were particularly low during the first part of April, but with the advancing prices, after the United States had suspended gold payments, cotton and other commodity exports increased to levels above a year earlier, and continued at improved levels well into May. Germany was the only important country which took a larger amount of American cotton in April this year than in April 1932. For the 9 months ended April 30, however, all of the important foreign consumers of American cotton with the exception of Japan and China took larger quantities than during the like period last season. The decline in exports to these two countries, nevertheless, has much more than offset the increases to other countries, and as a result the total exports for the first three quarters of the season amounted to only 6,521,000 bales compared with 7,397,000 bales up to the end of April last season. Exports to China for the first 9 months totaled only 233,000 bales compared with 968,000

bales in the first 9 months of last season, or a decrease of 730,000 bales. Shipments to Japan during these two 9 month periods were respectively 1,362,000 bales and 2,040,000 bales, or a decrease of 678,000 bales. The decrease in exports to China is largely explained by the more normal Chinese production, the abnormally high exports last season being due to the very short Chinese crop. Due to the very large supplies of American cotton in Japan at the beginning of the season, and the fact that the Indian crop was larger than in 1931 and 1932, the decline in exports to Japan, like the decline in shipments to China, was expected.

Exports of Indian and Egyptian

Total exports of cotton from India from August 1 to May 11 this season amounted to 1,595,000 running bales, or an increase of 405,000 bales over the corresponding period of 1931-32, but 1,186,000 bales less than in the like period of 1930-31. These export data, taken from the Commercial and Financial Chronicle, show that during the 4 weeks ended May 11, shipments from India were three and three-fourths times as large as during the same 4 weeks last season and almost equal to those of the like period in 1930-31. The larger movement in recent weeks is no doubt associated with the recent decline in the price of Indian relative to American. Shipments to Japan and China for the 4 weeks were more than four times as large as last year and slightly larger than in the 4 weeks ended about May 11, 1931. Recent reports from Japan state that the spread between the prices of American and Indian in early May was almost twice as great as from January to March, and more than five times as great as from April to June last year. At Liverpool and in continental Europe prices of American cotton are now higher relatively than a few months back and much higher relatively than a year ago.

In view of the comparative supplies of Indian and American cotton, it hardly seems likely that the spread between Indian and American will widen further. It is possible that the spread may narrow again before the 1933-34 Indian crop begins to move, especially if Indian mills continue to consume at the high rate maintained so far this season.

Exports of Egyptian cotton this season up to May 10 totaled only 653,000 Egyptian bales compared with 850,000 a year earlier, and 706,000 bales in the like period of 1930-31. For the 4 weeks ended May 10 about 57,000 bales were exported compared with 69,000 bales last year and 59,000 bales in the similar period of 1931.

Textile Situation

United States

With the advance in prices of cotton and other commodities the latter part of April, textile sales in domestic markets were said to have increased very materially. Domestic mill activity began increasing with the increase in unfilled orders, and during the first part of May, reports indicate that consumption was at possibly the highest levels for more than 3 years. Shipments of cotton textiles have been above production, and stocks have decreased.

Total domestic mill consumption in April amounted to 471,000 bales, compared with 494,000 bales in March, and 363,000 bales in April last year. A decrease, as compared with March, was due to the fewer number of working

days in April. The first three quarters of the season United States mills used 4,218,000 bales, an increase of about 286,000 bales, or 7.3 percent above that period last season. Slightly more than 100,000 bales of this increase took place during April, and it is expected that the remaining 3 months of the season will like-wise show an increase of more than 100,000 bales over the corresponding month of last season. Should general economic conditions continue to improve, the increase during the last 2 months of the season might easily be 200,000 bales per month, due to the extremely low levels of consumption during these months last year. It is entirely possible, therefore, that domestic consumption for the 1932-33 season may exceed that of last season by 800,000 or 900,000 bales.

Great Britain

During the latter part of March and the early part of April reports from Manchester indicated that foreign, as well as domestic demand for piece goods, was rather quiet. The April exports of piece goods reflects the reduced demand, total exports amounting to 171,200,000 square yards compared with 209,900,000 square yards in March, and 199,300,000 square yards in April, 1932. The April exports were the smallest since December, whereas in March they had reached the highest levels for about 3 years. During the latter part of April, reports indicated an increased demand for cotton textiles with increased sales to India and China. During early May the demand in British markets for home consumption is said to have been considerably stronger. The demand for cotton yarns also improved, with sales toward the end of April running above output. During the second and third weeks of May English weavers and spinners were experiencing better business from abroad. The shipments of textiles were reported as above production. It is reported that many sales were not consumated due to the inability of the buyers and sellers to agree on the price. During the first part of April activity in the British mills was considerably less than a few months previous, and was running below a year earlier. Further curtailment was being contemplated at that time. However, the improved demand has resulted in at least a maintenance of activity at the levels of early April, and possibly some increase has occurred since that time.

Continental Europe 1/

The departure of the dollar from the gold standard and the resultant increase in dollar prices of raw cotton were the outstanding developments in the continental cotton textile industry during the month of April. Despite their extraordinary character, however, these developments did not have a uniform reaction on all markets, particularly during the second half of the month, though, generally speaking, new purchases of raw cotton, price-fixing and sales of cotton yarns and cotton goods were of fair volume for April as a whole.

1/ Based largely on a written report from Agricultural Attache' Loyd V. Steere at Berlin, Germany, dated May 8 and supplemented by cable on May 17.

Rather active trading in cotton yarns and goods throughout the month of April was reported from Germany, but business in southern Europe remained quiet. France and Belgium complained of slow new orders at the beginning of the month, but reported a revival around the middle, followed by some irregularity at the end of the month, the latter being partly due to the uncertainty about currency developments in the country most important for raw material supplies, that is, the United States.

April cotton mill activity among both spinners and weavers, according to all available reports, was largely unchanged as compared with March, and may have slightly increased in Germany. The situation remains very bad in Austria an Czechoslovakia, and Belgium has also issued pessimistic statements.

Continental spinner buying of raw cotton during the month of April, as intimated above, was of fair volume, and at times quite active as a result of American price developments. This latter factor was of some influence, particularly in Germany, during the second half of the month. C.i.f. import buying by merchants moved in conformity with spinner buying. Price-fixing on the part of almost all European countries attained considerable volume with the rising prices of American.

Germany

The month of April as a whole was characterized by rather satisfactory cotton yarn and cotton cloth sales in the German industry, and the increased market activity was reflected, partly as a result of the rising raw cotton prices, in the higher prices reported for cotton yarn and cotton fabrics on all German markets.

The report of cotton spinners for the month of March now available, indicates that business in cotton yarn during that month was rather quiet, with isolated revivals, however, noted in some dis ricts. This tendency also extended into the first part of April. The March spinner report further points out that competition of foreign yarns continued active, particularly fine yarns from England. The statement of the German cotton weavers for the month of March was rather favorable, and indicated a considerable improvement in business. At the same time, it was pointed out that most of the improvement was due to the placing of many orders that had been withheld during the first 2 months of the year. As, however, some seasonal revival appeared at the same time, unfilled orders at the end of March were of sufficient volume to last the weaving mills for several months ahead. The only point German weavers complained about in March was that exports were very unsatisfactory.

A recent report from the district of Chemnitz, where a large part of the German cotton industry is concentrated, indicates that active domestic business of the mills continued into May, but foreign orders were lacking. Business in stockings, which is important in Chemnitz, has had a considerable seasonal advance, although orders from Holland and Sweden and most other foreign markets were very small.

The turnover figure of the textile retail trade in March, 1933, which was 88.6 percent of March last year, may serve as an index of ultimate cotton goods consumption. This percentage is based on a comparison of values and if the price fall is discounted, the quantitive deficit in March this year as compared with last year is only 2 to 5 percent. At the same time the figure

shows an increase over the month of February.

Two additional important cotton concerns published balance sheets for 1932 during the month of April; one incurred a renewed loss and the other reports no profit for the year. Of the six important concerns which have recently published reports on their 1932 activities only one has shown a profit.

Spinner buying of raw cotton at Bremen was very restricted at the beginning of April, but showed considerable revival during the second and third weeks in April, particularly for near-at-hand cotton. The revival was attributed largely to the improvement in yarn and fabrics business, but partly also to the price trend of raw cotton and the financial events in the United States. Quietness ruled again at the end of the month. Some uneasiness was felt in spinner circles in regard to the uncertainty about the dollar exchange rate, and some people think that this uncertainty has hampered trading. C.i.f. import business of cotton merchants at Bremen was considerable around the middle of the month and moved much in line with spinner interests. Price-fixation on raw cotton throughout April was important.

Czechoslovakia and Austria

The situation of the cotton mills in Austria and Czechoslovakia continued unsatisfactory, with new business small and mill activity on a low level. Industrial leaders in these countries are generally pessimistic as to the future outlook for their cotton industries, and there seems to be little prospect for an imminent revival of business, particularly in Czechoslovakia. That country is largely dependent on foreign outlets and cannot hope for significant improvement for some time to come unless the international efforts toward removal of the most disturbing obstacles in foreign trade are attended by some success.

France

April reports from the French cotton industry indicate a fair volume of business throughout the month though the tendency was generally quiet.

The first half of the month was characterized by a declining tendency in the yarn and fabrics business, both in the North and in Normandy. During the second half of the month both yarn and cloth business showed an improvement which, however, was at times reported to have been considerably hampered by fluctuations in the dollar exchange rate.

Mill activity remained largely unchanged during April, as compared with March, and the general level of occupation was not unsatisfactory.

Reports from Le Havre indicated that, at the beginning of the month there had been some improvement in spinner buying of all kinds of cotton. During the second week of April buying continued fair, but was directed in increasing volume to exotic cottons, including Argentinian, due, apparently, to the firm basis quotations for American. Contrary to developments in Germany, spinner buying of raw cotton during the second half of April was adversely affected by the currency developments in the United States.

Cotton mills seem to be covered now for some time ahead. Price fixation during April was not especially large, but somewhat higher during the second half of the month than during the first half.

Belgium

A report from the American Consulate at Ghent for the month of March states that the situation in the Belgian cotton industry shows no improvement over the depressed conditions prevailing in February. Spinning mills operated on a basis of 40 to 50 percent of their capacity and stocks of yarns have increased. In addition, the weaving mills have experienced a further decline in their orders, with prices reported unsatisfactory. As a result of such depressed conditions spinner purchases of raw cotton were insignificant during March.

A later report indicates that the situation during April has likewise continued bad. Weaving mills are particularly hard hit by the decline of exports. Only 50 percent of normal mill activity is indicated for April.

Italy

During the month of April, business in cotton yarn and cotton cloth, despite some improvement in the export of fabrics, remained very slow and showed practically no improvement over the previous month. Available indices on the Italian mill situation indicate little change in mill activity as compared with March, and the favorable relationship between cotton yarn sales and cotton yarn production continues. This favorable relationship is due to the very cautious production policy that the Italian spinning mills adopted 2 years ago. The latter is also reflected in the fact that yarn stocks remain low, being much below either of the last 2 years. As a result of the unfavorable developments in business, unfilled orders on hand have, of course, declined, but seem to be well above both last year and 2 years ago.

Spinner buying of raw cotton during the month of April was very quiet, and it was reported that, as in France, the uncertainty about the dollar exchange rate impaired raw business considerably.

Russia

After reaching the highest levels for 3 years, in March, Russian cotton cloth production declined slightly in April but was still the highest with the exception of March since April, 1930. This brought total cloth production for the season August 1 to the end of April to 1,897,400,000 yards which was 83,600,000 yards greater than during the like period last season and 132,500,000 yards or 7.5 percent above the corresponding period of 1930-31. The March cloth production slightly exceeded the plan but the April output was probably somewhat less than called for by the planning board.

Cotton yarn production in April also declined a little as compared with March, the output in the 2 months being respectively 69,004,000 pounds and 66,658,000 pounds. The March production equalled to 99.7 percent of the plan.

Japan 1/

Reports have from time to time during the past 2 or 3 months indicated that the demand for Japanese piece goods both at home and from abroad was not sufficient to warrant the sustained high level of yarn production which has existed. However, yarn production in April has been reported at 256,000 bales which was an increase of about 12,000 bales over March and was the largest amount ever produced in 1 month in the history of the Japanese industry. The previous high point was reached in December, 1929 when 256,000 bales were produced. For the first three quarters of the season, total yarn production amounted to 2,173,000 bales, a new all time record for the period.

It is said that Japanese mills are now using about 130,000 bales of American cotton per month compared with an average of 150,000 bales during the first half of this season and 155,000 bales per month during the last half of 1931-32. Reports state that it is expected that this rate will be maintained for the remainder of the season. Should this be a correct approximation of the average monthly consumption, the total for the last half this season would be about 780,000 bales. This, together with the 899,000 bales of American consumed during the first 6 months of the season would give a total Japanese consumption for the 1932-33 season of 1,679,000 bales or 116,000 bales more than during last season. In view of the large stocks of American on hand at the beginning of the season and the rather large imports during the season, it is possible that Japan's consumption of American may equal or slightly exceed last season's record amount.

From January to March the parity in favor of Indian Akola/Oomra compared with Strict Middling 7/8 inch American averaged 7.68 yen per picul (1.21 cents per pound at the current rate of exchange) in Osaka, whereas by May 5, the spread between American and Indian had widened to 13.00 yen per picul (2.34 cents per pound). From April to June last year American averaged only 2.5 yen per picul (0.59 cents per pound) above Indian. As a result of this, sales of Indian to spinners have recently greatly exceeded sales of American. Except for the large stocks of American already on hand, the proportion of American being consumed would probably drop materially before the end of the season provided this spread continues as wide in early May.

1/ Taken largely from a radiogram from Shanghai, China on May 13 based on a report prepared by Cotton Specialist Fred Taylor at Kobe.

Recent weeks have witnessed much agitiation in Japan in reference to the abrogation of the Indian tariff agreement. The agreement is said to contain certain handicaps for Japanese exports of piece goods to India. It is expected that some kind of compromise is expected. This is a rather important factor in the American cotton situation and outlook since India is now the most important market for Japanese cloth containing large quantities of American cotton. However, should British mills regain the loss which Japan may experience, then it would possibly mean little change in the use of American cotton since the British cloth would contain large proportions of American. On the other hand, should the mills in India supply the demand, high grade Indian cotton will probably be used.

China 1/

Chinese owned mills were operating at about 70 percent of capacity about the middle of May, whereas a couple of months earlier they were running at 85 to 90 percent of capacity. This decrease in activity resulted from an agreement among mills representing a large proportion of the total Chinese expenditures to curtail activity about 25 percent beginning April 22. The restriction was to run for 1 month pending new measures to cope with the yarn situation. The depressed condition of the yarn market which resulted in an accumulation of yarn stocks is said to have been the cause of the agreement to reduce production.

Activity in the Japanese owned mills in China at mid-May was thought to have been 70 percent of capacity, although reports on their activity vary. This represents some decreased activity among the Japanese mills, which is also due to the unsatisfactory condition of the yarn market and the accumulation of yarn stocks. The yarn market in China showed some tendency to improve around the second week in May, but it is said that unless yarn prices definitely improve in relation to cotton prices, further curtailment in yarn production is likely. The piece goods market in China has been quiet with demand very slack. Merchants are still following a hand to mouth policy of buying pending more settled political conditions. A demand for piece goods has improved some in the Yangtze ports and around the Shanghai market, but business with Tientsin at the middle of May continued very slow.

Production, Acreage and Crop Conditions

World Production and Acreage

The preliminary estimate of the 1932-33 world production is now placed at 24,000,000 bales of 478 pounds compared with 27,500,000 bales in 1931-32, 25,800,000 bales in 1930-31 and is the smallest estimated world production since 1923-24 with the exception of 1927-28 when the estimated total was also 24,000,000 bales. While the world production in 1932-33 is estimated to have declined 3,500,000 bales or 13 percent, the United States production dropped 4,100,000 bales, or almost one-fourth. The larger crops in China and India partially offset the decline in the domestic crop. The increases in the Indian and Chinese crops were due largely to more normal yields this season, the yields in 1931-32 being unusually low. However, the estimated harvested acreage in China increased considerably due to the fact that in 1931-32 the acreage was materially reduced by floods. The decline

1/ Largely from a radiogram from Agricultural Commissioner Dawson at Shanghai, May 15.

of almost 40 percent in the Brazilian crop resulted from a severe drought in the Northern States, which reduced the yields to the lowest levels for many years. The 1932-33 Brazilian crop was the smallest since 1916-17.

The present estimate of the 1932-33 world acreage of 77,400,000 acres represents a decrease of 3,400,000 acres or only 4.2 percent from that of 1931-32. This is, however, the smallest world acreage since 1927-28 and was 9.0 percent below 1929-30 and 10.7 percent below the record acreage of 1925-26. These world estimates are based on the revised United States acreages and for that reason are not comparable with previously published world acreage estimates. The greatest decrease in the 1932-33 acreage occurred in the United States, India and Egypt. The 35 percent decline in Egypt's acreage was to a considerable extent the result of an acreage restriction law.

United States

The Crop Reporting Board has recently released the revised statistics of acreage, yield, and production of the 1932 crop which are comparable with the revised estimates for the years 1866-1931, as published May 10, 1933. The revised acreage in cultivation in the United States on July 1, 1932 was placed at 36,542,000 acres; the area harvested at 35,939,000 acres; and the yield at 173.3 pounds per harvested acreage. The harvested acreage in 1932-33 represents a decrease from the revised 1931 acreage of 7.1 percent and the planted acreage a decrease of 6.6 percent. The 1932 yield showed a decrease of 18.1 percent from the revised 1931 yield of 211.5 pounds, but was 8.7 percent above the 10-year average, 1921 to 1930. The report of the Bureau of the Census, published May 16, placed the final ginnings for the 1932 crop at 13,002,000 bales of 478 pounds net or 500 pounds gross.

The estimates of the United States acreage and yield per acre contained in this and subsequent reports are not comparable with any acreage and yield per acre estimates by the Department of Agriculture published prior to May 10, 1933. Comparable estimates for earlier years were published in a special report on May 10, 1933, copies of which may be secured from the Bureau of Agricultural Economics, United States Department of Agriculture, Washington, D. C. The revised production, yield and harvested acreage estimates have been rotoprinted and attached to this report. The tables are numbered the same as the similar tables in "Cotton Statistics and Related Data for Agricultural Workers", and are prepared so that they may be easily inserted in the report.

Reduction in yields from stated causes in 1932 - The reduction in cotton yields per acre due to various causes in 1932 is reported to have been 42.7 percent of a normal or full yield. In 1931 the reported reduction was 27.8 percent, in 1930, 47.1 percent, in 1929, 43.8, and in 1928, 36.4 percent.

The boll weevil caused the greatest damage in 1932 with the total loss for the Cotton Belt proper reported at 15.2 percent compared with 8.3 percent in 1931. This was the greatest damage done by the weevil since 1927. The loss from this cause in 1930 was 5.0 percent and 1929 was 13.3 percent. The greatest damage from the weevil occurred in Georgia, Alabama, and Mississippi where the damage was the greatest since 1923-24.

Cotton: Acreage and production in countries reporting for 1932-33 with comparisons

Country	1929-30	1930-31	1931-32	1932-33	Percentage 1932-33 is of 1931-32
Acreage	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
United States	43,242	42,454	38,705		
India	25,922	23,812	23,722	22,558	95.1
Russia	2,608	3,911	5,346	5,367	100.4
China 1/	5,133	5,228	4,800	5,300	110.4
Brazil	1,436	1,435	1,500	1,538	102.5
Egypt	1,911	2,162	1,747	1,135	65.0
Uganda	663	740	866	1,070	123.6
Chosen	456	473	472	393	83.3
Turkey (Asiatic)	301	609	491	358	72.9
Anglo-Egyptian Sudan	369	387	336	324	96.4
Mexico	492	390	319	188	58.9
Syria and Lebanon	60	60	75	23	30.7
Spain	21	45	14	20	142.9
Bulgaria	14	14	14	20	142.9
Eritrea	6	6	7	5	71.4
Italy	8	9	4	3	75.0
Total above countries	82,642	81,735	78,418		
Estimated world total incl. China	85,100	84,100	80,800	77,400	95.8
Production	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	Percent
United States	14,825	13,932	17,095		
India	4,289	4,372	3,368	3,779	112.2
China 1/	2,116	2,250	1,700	2,300	135.3
Russia	1,279	1,589	1,843	1,950	105.8
Egypt	1,768	1,715	1,288	950	73.8
Brazil	584	471	557	348	62.5
Uganda	2/ 108	2/ 158	2/ 168	218	129.8
Chosen	139	149	101	127	125.7
Anglo-Egyptian Sudan	139	106	206	120	58.3
Persia	3/ 82	99	3/ 100	3/ 100	100.0
Mexico	246	178	210	95	45.2
Turkey (Asiatic)	100	74	91	28	30.8
Greece	15	16	14	16	114.3
Bulgaria	4	4	5	8	160.0
Spain	5	7	4	4	100.0
Syria and Lebanon	14	12	17	4	23.5
Nyasaland	5	8	4	2	50.0
Eritrea	1	1	2	2	100.0
Total above countries	25,719	25,141	26,773		
Estimated world total incl. China	26,500	25,800	27,500	24,000	87.3

Compiled by the Division of Statistical and Historical Research largely from data received through the Foreign Agricultural Service, including information received up to May 22. Official sources and International Institute of Agriculture except as noted. 1/ Estimates of Chinese Millowners' Association for 1929-30. From 1930-31 to date the estimates of the Chinese Millowners' Association have been adjusted to make them comparable with estimates for previous years. 2/ Exports. 3/ From an unofficial source.

It was in these States particularly that weevils entered hibernation in such large numbers last fall.

Deficient moisture was reported as being responsible for an 8 percent reduction in the 1932 yields, compared with 8.3 percent in 1931, and 27.7 percent in 1930. Excessive moisture caused 3.9 percent damage compared with 2.6 percent and 2.8 percent in 1931 and 1930.

Soviet Russia 1/

Cold, rainy weather deterred the cotton planting campaign in middle Asia and Transcaucasus in April, so that in early May present reports were speaking of a delayed spring. Correspondingly, the acreage planted to cotton in middle Asia by April 20 was considerably below that of the previous year - 184,108 hectares, (454,900 acres), compared with 351,000 hectares, (867,300 acres), in 1932. First ploughing was also completed on a smaller acreage than a year earlier by April 20, and the press complained that there was a great discrepancy between the first and second ploughing in all important regions. Another complaint was that not all of the soil prepared for planting was actually planted by April 20, with plantings to that date amounting to only about half of the area prepared. As usual, the press was blaming the lack of energy of local organizations and farmers for the slow progress of plantings, indicating that the unfavorable weather conditions were not the only reason for the backwardness of the campaign.

1/ From Mr. Steere's report - see note, page 4.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

SUPPLEMENT NO. 1

June 1933

to

COTTON STATISTICS AND RELATED DATA

FOR AGRICULTURAL WORKERS

Revised Estimates of Cotton Production, Acreage, and Yield, 1866-1931

The Crop Reporting Board of the United States Department of Agriculture has recently completed revised estimates of the acreage and average yield of cotton per acre in the United States and in each State for the years 1866-67 to 1931-32. Some revisions have also been made in the production estimates, although the changes in production since 1899-1900 have been small. The original yield per acre estimates as published prior to May 10, the date on which the revised estimates were released, were based upon the yields as reported by voluntary crop correspondents. These yield estimates and acreage estimates derived from yield and production, were reasonably accurate in reflecting relative changes from year to year, and they also served as a satisfactory basis for forecasting yield per acre and production. These estimates, while serving these purposes, were, however, lower than the yield per acre derived from census data. The revised figures are based on the 1930 Federal Census and other data available during recent years. The objectives in revising the estimates were first to improve the relative accuracy of the data for past years as measures of changes from year to year; and second, to revise toward actual, quantitative yields and acreages when the series were on too high or too low a level.

All future cotton crop reports of the United States Department of Agriculture will be comparable with these revised data and not with estimates published prior to May 10, 1933.

(Paste the following pages over pages 28, 29, and 30)

YIELDS - UNITED STATES

Table 18. -Average yield per acre of cotton, by States, 1866-67 to 1932-33.

(Revised estimates, 1866-67 to 1931-32, released by the Crop Reporting Board, May 10, 1933.)

Crop year	Mo. 1/	Va.	N.C.	S.C.	Ga.	Fla.	Tenn.	Ala.	Miss.	Ark.	La.	Okla. 2/	Texas	N.Mex.	Ariz.	Calif. 3/	All other States 4/	United States 5/
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.
1866-67			124	102	122	125	121	120	86	198	57		325				116	121.5
1867-68			129	191	181	181	157	152	93	189	88		195				138	142.6
1868-69			162	160	129	150	170	106	157	220	169		197				180	130.7
1869-70			139	156	152	121	145	133	134	153	183		195				150	155.4
1870-71			180	177	173	170	203	172	216	256	269		255				187	206.2
1871-72			147	120	128	90	204	138	163	225	172		189				- - -	139.0
1872-73			152	177	174	110	193	149	193	189	228		207				- - -	182.3
1873-74			138	166	159	110	192	134	178	192	194		201				- - -	168.3
1874-75			169	216	114	91	177	127	157	141	242		164				- - -	157.0
1875-76			153	153	93	88	160	139	216	278	306		256				- - -	181.2
1876-77			156	141	112	106	180	126	185	258	276		196				169	167.6
1877-78			165	142	108	89	202	151	184	283	266		152				- - -	170.4
1878-79			124	124	103	71	271	108	160	296	213		240				240	167.5
1879-80	284	202	198	174	141	102	208	136	208	265	267		168				280	180.5
1880-81		3/	201	186	168	151	216	158	184	216	187		237				300	190.9
1881-82		3/	161	159	120	98	145	119	169	160	223		153				306	149.0
1882-83		195	228	199	156	121	214	150	224	303	292		249				247	206.9
1883-84		151	186	139	121	115	197	112	183	206	228		190				231	162.0
1884-85		140	184	142	125	108	194	109	170	197	241		163				194	153.1
1885-86		154	179	145	143	136	196	126	183	205	224		198				206	169.9
1886-87		151	160	131	131	114	180	125	164	216	210		211				179	164.3
1887-88		187	191	154	144	130	192	141	183	192	211		208				174	173.1
1888-89		159	157	139	145	140	216	131	184	180	173		201				175	169.5
1889-90	134	61	140	180	170	122	122	158	191	194	248		179				230	176.9
1890-91		3/	198	174	164	143	203	169	198	238	231		226				168	195.5
1891-92		3/	179	167	146	124	231	159	204	260	273		231				155	198.7
1892-93		3/	161	139	134	99	179	112	152	200	180		236				155	168.7
1893-94		3/	193	157	152	128	208	140	182	220	184		192				181	175.3
1894-95	198	194	214	201	176	119	230	152	208	224	287	237	277				226	219.0
1895-96	127	123	188	199	166	96	147	120	187	182	211	214	176				- - -	172.2
1896-97	208	197	213	218	179	99	161	130	198	177	213	165	160				- - -	175.2
1897-98	221	202	254	224	184	117	175	164	252	248	275	286	190				- - -	209.0
1898-99	316	256	271	239	192	82	228	177	213	258	257	295	234				- - -	223.1
1899-1900	243	187	209	193	167	116	171	161	204	206	243	163	180					185.0
1900-01	270	194	230	182	168	112	186	153	162	222	228	224	224					194.7
1901-02	230	218	180	159	170	105	130	130	187	187	251	190	148					168.2
1902-03	320	248	245	207	178	110	243	135	206	258	259	226	146				187	184.7
1903-04	252	184	217	175	152	118	180	152	191	188	241	193	146				174	169.9
1904-05	294	241	247	245	230	138	210	204	224	223	284	229	174				206	213.7
1905-06	284	257	258	246	210	123	200	182	171	170	157	201	152				187	182.5
1906-07	298	207	208	178	170	92	209	172	202	226	289	205	216				208	202.3
1907-08	255	191	222	240	193	98	202	161	204	197	209	178	119				179	178.9
1908-09	330	235	259	243	201	115	229	184	230	245	163	151	195				195	205.8
1909-10	273	185	239	231	190	102	163	141	160	175	130	132	122				154	156.5
1910-11	291	214	269	251	186	103	220	165	188	199	135	190	143			386	166	176.2
1911-12	371	332	342	304	267	138	268	214	170	217	196	160	181			390	209	215.0
1912-13	275	277	299	253	181	118	181	180	175	200	195	189	210			465	73	201.4
1913-14	298	249	274	271	235	134	224	203	213	227	190	124	153			331	186	198.3
1914-15	280	280	325	280	252	154	216	220	203	212	176	212	163			341	336	216.4
1915-16	270	222	278	252	198	105	212	155	177	203	178	164	147			348	238	178.5
1916-17	263	308	213	180	172	85	220	93	125	229	158	156	163			389	260	165.6
1917-18	280	194	205	250	198	98	159	121	175	190	244	165	152		268	288	173	167.4
1918-19	245	283	296	266	207	74	188	156	198	182	195	87	109		268	287	250	164.1
1919-20	284	258	293	282	166	73	195	133	161	170	109	188	133		270	262	250	165.9
1920-21	284	267	310	310	156	95	199	124	148	220	149	210	169		212	218	252	186.7
1921-22	340	251	298	166	108	91	218	130	150	170	138	98	101		242	228	231	152.5
1922-23	350	242	283	140	119	118	220	151	163	185	159	106	139	201	222	150	215	148.8
1923-24	210	350	328	225	106	42	103	93	97	110	140	100	140	220	298	335	221	136.4
1924-25	198	193	226	188	179	115	182	160	175	189	165	190	159	256	285	287	164	165.0
1925-26	280	277	291	187	169	182	215	195	265	226	252	153	115	290	350	339	214	173.5
1926-27	259	275	320	215	199	140	198	206	242	219	280	184	152	305	349	387	189	198.2
1927-28	177	250	262	171	172	114	188	181	195	175	181	138	133	345	315	340	180	161.7
1928-29	307	297	245	160	150	93	197	154	182	180	180	144	145	345	357	378	152	165.3
1929-30	303	280	217	201	190	129	236	180	227	199	200	133	112	325	324	400	227	164.1
1930-31	193	243	254	245	222	183	160	196	169	119	173	104	120	375	346	468	173	157.0
1931-32	398	317	298	273	215	165	270	207	211	276	256	179	173	412	313	440	263	211.3
1932-33 6/	362	353	252	206	154	78	216	130	147	188	173	167	162	307	293	303	293	175.3
1933-34																		
1934-35																		

Compiled from records of the Division of Crop and Livestock Estimates.

1/ Included in "All other States", 1880-81 to 1888-89 and 1890-91 to 1893-94.
2/ Includes Indian Territory, 1894-95 to 1907-08. 3/ Excludes cotton from Lower California, Mexico, ginned in California.
4/ Beginning with 1922, only Illinois, Kansas, and Kentucky are included in "All other States".
5/ Included in "All other States". 6/ Preliminary.

PRODUCTION - UNITED STATES

Table 16 .- Production of cotton in the United States, by States, 1866-67 to 1932-33

(Revised estimates, 1866-67 to 1931-32, released by the Crop Reporting Board, May 10, 1933.)

Crop year	Mo. 1/	Va.	N. C.	S. C.	Ga.	Fla.	Tenn.	Ala.	Miss.	Ark.	La.	Okla. 2/	Texas	N.Mex.	Ariz.	Calif. 3/	All other States 4/	United States 5/
	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales	1000 5/ bales
1866-67			109	122	246	45	177	264	323	218	131		359				105	2,097
1867-68			162	242	420	59	186	404	328	248	167		215				87	2,520
1868-69			159	179	288	36	199	283	398	263	248		258				76	2,366
1869-70			145	224	474	40	182	429	565	248	351		351				2	3,011
1870-71			195	252	567	37	246	564	830	429	567		532				93	4,552
1871-72			148	165	373	33	221	431	557	341	387		370				- - -	2,974
1872-73			181	277	597	47	241	537	746	336	503		468				- - -	3,933
1873-74			199	288	633	52	277	551	715	387	454		592				- - -	4,168
1874-75			252	386	505	42	269	475	607	268	536		516				- - -	3,836
1875-76			197	272	413	43	225	557	871	551	689		813				- - -	4,651
1876-77			212	312	509	50	262	537	766	519	564		696				47	4,474
1877-78			264	328	512	44	306	673	803	636	586		621				- - -	4,773
1878-79			215	331	540	38	422	522	725	684	462		1,070				65	5,074
1879-80	20	20	390	583	814	55	331	700	963	606	509		805				18	5,756
1880-81		6/	428	617	1,050	82	383	877	906	537	374		1,274				78	6,606
1881-82		6/	380	550	800	54	270	700	884	425	470		868				55	5,456
1882-83		24	465	629	941	62	337	809	1,063	696	559		1,325				41	6,949
1883-84		17	399	471	754	59	312	631	903	519	491		1,120				37	5,713
1884-85		14	404	512	807	57	314	649	883	531	485		995				31	5,682
1885-86		15	407	555	960	74	322	760	1,019	611	488		1,332				33	6,576
1886-87		14	369	502	870	60	301	759	943	667	476		1,514				30	6,505
1887-88		16	446	597	951	66	318	846	1,067	613	507		1,590				30	7,047
1888-89		14	365	552	954	69	358	905	1,058	597	447		1,594				25	6,938
1889-90	16	5	336	747	1,192	58	191	915	1,155	691	659		1,471				37	7,473
1890-91		6/	489	748	1,206	70	344	1,058	1,262	828	629		1,996				21	8,653
1891-92		6/	416	676	1,052	60	379	1,012	1,328	927	762		2,405				18	9,035
1892-93		6/	302	528	804	40	241	628	859	603	452		2,246				17	6,700
1893-94		6/	400	650	1,000	56	276	810	1,050	679	473		1,997				103	7,493
1894-95	25	14	475	855	1,237	50	300	892	1,221	742	754	123	3,212				1	9,901
1895-96	12	8	398	765	1,067	39	173	664	1,013	521	514	83	1,905				- - -	7,162
1896-97	24	12	522	936	1,299	49	237	834	1,201	606	567	123	2,123				- - -	8,533
1897-98	27	13	647	1,030	1,351	54	269	1,113	1,525	942	788	318	2,822				- - -	10,899
1898-99	33	14	635	1,045	1,390	35	326	1,185	1,257	928	724	320	3,390				- - -	11,278
1899-1900	20	9	440	857	1,231	49	212	1,079	1,238	706	700	216	2,609				- - -	9,346
1900-01	28	11	477	749	1,205	49	222	1,024	1,047	813	706	357	3,438				- - -	10,124
1901-02	31	13	416	692	1,315	50	197	1,101	1,255	718	840	378	2,502				- - -	9,506
1902-03	42	16	550	925	1,425	59	317	956	1,444	970	882	545	2,498				1	10,630
1903-04	38	13	529	787	1,267	52	249	986	1,433	735	825	465	2,471				1	9,851
1904-05	52	16	704	1,151	1,888	79	329	1,448	1,799	951	1,090	804	3,145				2	13,438
1905-06	43	15	619	1,078	1,683	69	279	1,239	1,199	619	515	677	2,542				1	10,576
1906-07	54	14	579	876	1,595	56	306	1,262	1,531	941	988	898	4,174				2	13,274
1907-08	36	9	605	1,119	1,816	50	275	1,115	1,468	775	675	862	2,300				3	11,106
1908-09	62	12	647	1,171	1,951	64	344	1,344	1,656	1,035	470	691	3,814				2	13,241
1909-10	45	10	601	1,100	1,804	56	247	1,023	1,083	713	253	545	2,523				2	10,005
1910-11	60	15	706	1,164	1,767	60	332	1,193	1,265	821	246	923	3,049			6	4	11,609
1911-12	97	30	1,076	1,649	2,769	85	450	1,715	1,204	939	385	1,022	4,256			10	7	15,694
1912-13	56	25	865	1,182	1,777	55	277	1,340	1,046	792	376	1,021	4,880			8	3	13,703
1913-14	67	24	792	1,378	2,317	61	379	1,493	1,311	1,073	444	840	3,945			19	10	14,153
1914-15	82	26	950	1,534	2,718	84	384	1,748	1,246	1,016	449	1,262	4,592			27	14	16,112
1915-16	48	16	699	1,134	1,909	51	303	1,018	954	816	341	640	3,227			9	7	11,178
1916-17	63	28	654	932	1,881	44	382	530	812	1,134	443	824	3,726			41	14	11,448
1917-18	61	20	616	1,237	1,884	41	241	515	906	974	659	959	3,125		23	37	6	11,284
1918-19	62	27	896	1,570	2,122	51	330	799	1,226	987	588	577	2,697		53	47	6	12,018
1919-20	64	25	828	1,426	1,659	18	310	711	961	884	298	1,016	3,099		60	47	5	11,411
1920-21	79	23	923	1,623	1,415	20	325	661	895	1,214	388	1,336	4,345		102	67	13	13,429
1921-22	70	18	774	755	787	12	302	579	813	797	279	481	2,198		45	26	9	7,945
1922-23	149	50	849	492	715	28	391	821	989	1,012	343	627	3,822	12	47	21	7	9,755
1923-24	127	55	1,015	770	588	14	226	585	604	622	368	656	4,340	30	78	54	8	10,140
1924-25	193	44	821	807	1,004	21	354	984	1,099	1,094	493	1,511	4,949	57	108	77	14	13,650
1925-26	299	58	1,097	889	1,164	45	515	1,352	1,991	1,600	910	1,691	4,163	66	119	122	26	16,105
1926-27	218	56	1,206	1,008	1,496	36	451	1,494	1,886	1,548	829	1,773	5,628	75	122	131	17	17,978
1927-28	115	34	858	730	1,100	18	359	1,190	1,355	1,000	548	1,037	4,352	70	92	91	7	12,956
1928-29	147	48	852	728	1,029	22	428	1,107	1,475	1,246	691	1,805	5,105	88	149	172	7	14,477
1929-30	220	51	745	630	1,343	33	515	1,337	1,915	1,435	809	1,143	5,940	90	153	259	9	14,825
1930-31	151	46	771	1,001	1,593	36	377	1,467	1,464	874	715	854	4,037	100	155	284	7	13,932
1931-32	289	46	782	1,005	1,393	48	594	1,415	1,761	1,907	900	1,281	5,519	101	115	177	12	17,095
1932-33 7/	307	34	660	716	854	17	480	947	1,180	1,327	611	1,084	4,500	72	69	129	15	15,002
1933-34																		
1934-35																		

Compiled from records of the Division of Crop and Livestock Estimates. Differences from Census ginnings are due to the ginning in one State of cotton grown in another.

1/ Included in "All other States", 1880-81 to 1888-89 and 1890-91 to 1893-94. 2/ Includes Indian Territory, 1894-95 to 1907-08.
3/ Excludes Cotton from Lower California, Mexico, ginned in California. 4/ Beginning with 1922, only Illinois, Kansas and Kentucky are included in "All other States".
5/ Running bales of all years 1866-67 to 1898-99. 478-pound net weight or 500-pound gross weight bales beginning 1899-1900.
6/ Included in "All other States". 7/ Preliminary.

ACREAGE - UNITED STATES

Table 17.-Acreage of cotton harvested, by States, 1866-67 to 1932-33

(Revised estimates, 1866-67 to 1931-32, released by the Crop Reporting Board, May 10, 1933)

Crop year	Mo. 1/	Va.	N. C.	S. C.	Ga.	Fla.	Tenn.	Ala.	Miss.	Ark.	La.	Okla. 2/	Texas	N. Mex.	Ariz.	Calif. 3/	All other States 4/	United States 5/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
1866-67			390	531	895	155	649	977	1,666	489	1,020		490				402	7,666
1867-68			559	564	1,033	145	611	1,183	1,569	564	844		491				281	7,864
1868-69			381	497	991	120	520	1,185	1,290	531	652		581				225	6,973
1869-70			417	574	1,247	132	502	1,271	1,468	648	767		720				5	7,751
1870-71			479	629	1,432	148	536	1,501	1,698	741	952		922				220	9,258
1871-72			446	602	1,291	168	480	1,384	1,514	671	868		867				- - -	8,285
1872-73			529	693	1,523	190	554	1,600	1,716	789	980		1,004				- - -	9,580
1873-74			640	770	1,823	210	641	1,886	1,846	893	1,039		1,308				- - -	10,998
1874-75			604	786	1,949	203	669	1,646	1,701	836	975		1,384				- - -	10,753
1875-76			648	908	1,972	217	624	1,779	1,790	880	1,000		1,530				- - -	11,348
1876-77			686	974	2,000	208	640	1,875	1,822	959	899		1,562				122	11,747
1877-78			720	1,039	2,153	222	682	2,006	1,964	1,011	991		1,858				- - -	12,806
1878-79			775	1,193	2,343	259	696	2,160	2,025	1,033	961		1,995				121	13,539
1879-80	32	45	894	1,365	2,621	245	722	2,337	2,102	1,042	865		2,175				29	14,474
1880-81		5/	980	1,626	2,875	250	816	2,553	2,265	1,144	920		2,473				119	15,921
1881-82		5/	1,062	1,557	3,000	248	838	2,647	2,354	1,195	948		2,555				81	16,483
1882-83		58	954	1,486	2,835	241	740	2,535	2,230	1,080	900		2,501				78	15,638
1883-84		52	991	1,566	2,879	237	732	2,603	2,280	1,164	995		2,725				74	16,295
1884-85		46	1,010	1,659	2,970	243	745	2,739	2,389	1,240	926		2,808				74	16,849
1885-86		45	1,053	1,736	3,130	248	781	2,793	2,578	1,380	1,009		3,115				74	17,922
1886-87		45	1,070	1,778	3,082	244	776	2,817	2,668	1,433	1,052		3,329				78	18,370
1887-88		40	1,090	1,810	3,084	237	773	2,802	2,693	1,491	1,122		3,570				81	18,793
1888-89		42	1,109	1,894	3,188	236	791	2,859	2,745	1,582	1,238		3,783				68	19,520
1889-90	57	39	1,147	1,984	3,352	227	748	2,766	2,891	1,703	1,270		3,928				77	20,191
1890-91		5/	1,168	2,033	3,484	232	802	2,961	3,015	1,718	1,288		4,177				59	20,937
1891-92		5/	1,099	1,915	3,408	229	776	3,011	3,079	1,686	1,280		4,925				55	21,503
1892-93		5/	891	1,804	2,850	192	640	2,663	2,684	1,452	1,140		4,521				52	18,869
1893-94		5/	982	1,962	3,118	207	629	2,742	2,735	1,463	1,218		4,950				870	20,256
1894-95	61	35	1,074	2,059	3,402	203	631	2,840	2,841	1,603	1,272	251	5,612				2	21,886
1895-96	45	31	1,010	1,834	3,066	194	561	2,659	2,584	1,365	1,162	185	3,163				- - -	19,839
1896-97	55	29	1,169	2,048	3,462	236	702	3,060	2,895	1,653	1,258	356	6,329				- - -	25,230
1897-98	59	31	1,228	2,216	3,539	222	741	3,271	2,917	1,831	1,381	536	7,159				- - -	25,131
1898-99	51	29	1,146	2,134	3,540	209	699	3,274	2,886	1,755	1,378	530	7,084				- - -	24,715
1899-1900	40	22	1,004	2,070	3,521	203	593	3,203	2,902	1,639	1,378	636	6,950				- - -	24,163
1900-01	49	27	989	1,963	3,422	209	571	3,201	3,098	1,754	1,480	766	7,363				- - -	24,686
1901-02	64	29	1,100	2,076	3,695	229	630	3,512	3,210	1,839	1,603	958	8,105				- - -	27,050
1902-03	64	30	1,071	2,135	3,828	258	626	3,390	3,354	1,802	1,632	1,162	8,206				3	27,561
1903-04	72	34	1,162	2,148	3,965	214	663	3,105	3,591	1,872	1,640	1,157	8,117				2	27,762
1904-05	84	32	1,388	2,243	3,919	276	751	3,394	3,841	1,998	1,856	1,682	8,688				5	30,077
1905-06	72	30	1,240	2,092	3,829	270	667	3,255	3,354	1,745	1,565	1,614	8,018				4	27,753
1906-07	88	32	1,328	2,349	4,475	292	701	3,510	3,628	1,996	1,657	2,098	9,265				5	31,404
1907-08	68	23	1,300	2,226	4,449	245	652	3,304	3,445	1,863	1,548	2,319	9,862				7	30,729
1908-09	90	25	1,191	2,299	4,590	266	720	3,494	3,445	2,019	1,580	2,189	9,577				6	31,091
1909-10	79	26	1,198	2,273	4,536	262	716	3,466	3,237	1,951	931	1,974	9,900				7	30,555
1910-11	98	33	1,251	2,404	4,539	282	722	3,456	3,322	1,976	870	2,324	10,212			8	12	31,506
1911-12	125	43	1,500	2,589	4,958	319	804	3,853	3,389	2,072	938	3,056	11,261			12	17	34,916
1912-13	97	44	1,379	2,401	4,690	283	751	3,561	2,863	1,896	922	2,567	11,154			9	21	32,557
1913-14	110	47	1,377	2,427	4,711	217	811	3,518	2,961	2,263	1,117	3,242	12,352			28	25	35,206
1914-15	140	45	1,365	2,617	5,157	263	850	3,801	2,936	2,293	1,220	2,650	12,020			36	20	35,616
1915-16	85	35	1,199	2,148	4,606	253	685	3,158	2,560	1,906	916	1,868	10,523			12	15	29,951
1916-17	114	44	1,463	2,470	5,062	253	851	2,664	3,106	2,370	1,127	2,528	10,954			60	25	33,071
1917-18	132	50	1,447	2,568	4,551	202	827	2,033	2,476	2,452	1,252	2,782	11,339		41	78	15	32,245
1918-19	121	45	1,445	2,821	4,903	206	840	2,449	2,964	2,597	1,441	3,171	11,851		95	78	12	35,058
1919-20	108	45	1,349	2,699	4,776	115	761	2,556	2,854	2,489	1,308	2,587	11,165		106	65	9	32,906
1920-21	133	42	1,421	2,501	4,532	100	782	2,546	2,891	2,642	1,243	3,047	12,323		250	150	25	34,408
1921-22	98	36	1,266	2,169	3,476	64	663	2,187	2,690	2,242	1,009	2,350	10,426		90	55	18	28,678
1922-23	204	58	1,432	1,677	2,868	118	850	2,599	2,902	2,614	1,052	2,851	11,963	29	101	67	16	31,361
1923-24	288	80	1,477	1,649	2,648	155	1,047	3,006	2,971	2,698	1,255	3,134	14,851	64	127	83	17	35,550
1924-25	450	108	1,732	2,047	2,677	87	930	2,939	2,999	2,768	1,427	3,803	17,049	107	180	129	41	39,503
1925-26	511	100	1,798	2,267	3,288	112	1,146	3,314	3,618	3,385	1,727	5,288	17,336	109	162	178	57	44,590
1926-27	436	98	1,802	2,239	3,393	122	1,089	3,470	3,752	3,363	1,802	4,611	17,749	118	167	162	43	44,616
1927-28	309	64	1,565	2,040	3,056	77	912	3,146	3,323	2,734	1,448	3,601	16,489	97	139	128	21	38,349
1928-29	339	77	1,620	2,061	3,277	111	1,040	3,437	3,875	3,313	1,836	4,007	16,887	122	200	218	22	42,438
1929-30	347	86	1,633	1,974	3,378	122	1,045	3,555	4,037	3,451	1,934	4,114	16,675	133	286	309	19	43,242
1930-31	374	90	1,448	1,961	3,428	147	1,126	3,562	4,142	3,514	1,963	3,929	16,138	128	215	270	19	42,454
1931-32	353	70	1,206	1,759	3,096	139	1,053	3,271	3,994	3,508	1,825	3,376	14,754	117	176	192	16	38,705
1932-33 6/	406	70	1,251	1,661	2,651	102	1,064	3,081	3,839	3,378	1,686	3,108	13,334	112	113	125	18	35,939
1933-34																		
1934-35																		

Compiled from records of the Division of Crop and Livestock Estimates.

1/ Included in "All other States" 1880-81 to 1888-89 and 1890-91 to 1893-94. 2/ Includes Indian Territory 1894-95 to 1907-08.
3/ Excludes cotton from Lower California, Mexico, ginned in California. 4/ Beginning with 1922, only Illinois, Kansas, and Kentucky are included in
5/ Included in "All other States". 6/ Preliminary. "All other States".

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UNITED STATES DEPARTMENT OF AGRICULTURE
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C-93 June 29, 1933

WORLD COTTON PROSPECTS

Summary

During April and May domestic sales of cotton textiles increased materially along with the advance in prices of stocks, cotton, and other commodities, and the improvement in general sentiment as to the trend of business conditions. The increase in unfilled orders and decrease in stocks of cotton textiles on hand caused mills to speed up operations. Mills that had not been operating for many months have begun operating and mill activity in May reached the highest levels for 3 years, comparing favorably with the levels reached in the active season of 1926-27. During the first part of June domestic cloth sales were less than in recent previous weeks, though they were probably only slightly below the large output. The slight weakness in cotton prices which developed during the first part of June and the strength of textile prices resulting from the prospective legislative restrictions on hours and wages are said to have reduced cloth sales. In Europe sales of cotton textiles in recent weeks have, on the whole, probably equaled or slightly exceeded production which has increased slightly. Japanese activity continues at record levels, but in China mills restricted activity in May, although by mid-June there had been some increase.

Domestic exports during May reached almost 600,000 bales and were the largest for the month since 1927. May exports are usually smaller than for any previous month of the season except August, but this year they were larger than for either of the 3 previous months, February, March, and April. The advancing prices and the improvement in the general business outlook no doubt account for this.

During the week beginning June 26, cotton farmers of the South are to be given an opportunity to enter into an agreement with the Secretary of Agriculture to decrease acreage and production this year.

Prices

Cotton prices in the 10 markets, which at mid-May were about 8.5 cents per pound, advanced to 9.31 cents per pound by May 30. This was the highest price recorded in these markets since the early part of July, 1931, almost 2 years ago. The average for the month of May was 8.49 cents compared with 6.84 cents in April and 5.41 cents in May 1932. During June the average of prices in the 10 markets have been fluctuating within a narrow range about the 9-cent level, with the quotations on June 21 averaging 9.18 cents per pound. Since early February the trend of domestic prices has been upward, and at the high point of May 30 were 3.62 cents above the levels of early February, 3.86 cents above the low point of this season, and 4.55 cents above the low point of the depression reached in June last year. In Liverpool prices of American cotton have advanced materially both in sterling and in United States currency. In recent weeks prices of Indian cotton in the British market has moved about as American.

Stocks and Movement

Apparent supply of American cotton in United States

On June 1 the apparent supply of American cotton remaining in the United States was 10,739,000 bales compared with 11,296,000 bales on June 1 last year and 7,800,000 bales year before last. Of the total stocks of American cotton in the United States on June 1 this year, 7,283,000 bales were in public storage and at compresses, 1,339,000 bales at consuming establishments and approximately 2,117,000 bales elsewhere, including cotton on farms, cotton for export on shipboard but not cleared, cotton coastwise, cotton in transit to ports, interior towns, and mills, etc. On June 1 last year stocks in public storage and at compresses in the United States totaled 7,581,000 bales, the largest on record for that date. Mill stocks at that time amounted to 1,411,000 bales, with stocks on farms, in transit, etc., totaling about 2,304,000 bales.

Exports of American

During May exports of American cotton totaled 592,000 running bales compared with 501,000 bales in May last year, 336,000 bales in May 1931 and was the largest for the month since 1927. The May exports were considerably larger than the 3 previous months, despite the fact that May exports are usually lower than any previous month of the season except August. The shipments to Germany, Italy, and France were largely responsible for the increase over May last year.

Total exports for the season up to the first of June amounted to 7,113,000 running bales, or 785,000 bales less than in the like period last year, but was larger than any other like period since the 1928-29 season. During the 10 months, August 1 to May 31, this season, Germany took more American cotton than any other foreign consumer. Germany's takings during this period amounted to 1,530,000 bales compared with 1,445,000 bales taken

by Japan, and 1,227,000 bales by the United Kingdom. Practically all European countries have taken larger quantities of our cotton so far this season than during the like period last season. Japan took almost as much American cotton in May this year as a year earlier, but for the 10 months shipments to that country have been 681,000 bales less. China took only about one-fourth as much as in May last year, and for the 10 months, exports to China totaled only 242,000 bales compared with 996,000 bales from August to May last season.

Exports of Egyptian and Indian cotton

Exports of Indian cotton continue to run above the low levels of last season, but considerably below the levels of 1930-31, according to data from the Commercial and Financial Chronicle. During the 4 weeks ended June 8 exports of Indian cotton totaled 186,000 bales of approximately 400 pounds compared with 119,000 bales in the corresponding period last season and 231,000 bales in the like period of 1931. For the season from August 1 to June 9, total shipments from India amounted to 1,781,000 bales compared with 1,309,000 bales last season and 3,012,000 bales in the same period in 1930-31.

During the 4 weeks ended June 7, Egypt exported about 61,000 bales of approximately 750 pounds. This was about the same as in the like periods last year and the year before. For the season, August 1 to June 7 total exports from Egypt amounted to 714,000 bales compared with 914,000 bales to that date last season and 767,000 bales in the 1930-31 season.

Textile Situation

United States

With the advance in commodity prices during April and May domestic sales of cotton textiles increased very materially, and, by the latter part of May, unfilled orders were said to be equal to several weeks production, despite the fact that production was at the highest levels for more than 3 years. Mill activity for the month of May as a whole, as measured by cotton consumption, showed an increase of 52 percent over April and 87 percent over May last year. As compared with the low level of last July, the May consumption represented an increase of 123 percent. The domestic mill consumption in May was almost at as high levels as during the most active months of the 1926-27 season when domestic consumption reached the highest point yet attained.

The 621,000 running bales consumed during May compared with 471,000 bales in April, 332,000 in May last year, and an average of 634,000 bales per month during the last 5 months of the 1926-27 season. In 1926-27 total consumption in the United States was 7,100,000 bales compared with only 4,866,000 bales in 1931-32. The May consumption brought the total consumption for the 10 months this season to 4,839,000 bales, or 574,000 bales above the like period last season. At the end of April this season's consumption was only 286,000 bales above the first 9 months of last season. If the May rate of consumption should be largely maintained during June and July, total domestic consumption for the 1932-33 season will approximate 6,000,000 bales. All but about 125,000 bales of the United States consumption this season will be American cotton. There is little doubt that domestic consumption, and also world consumption of American cotton, will exceed expectations of a few months ago by a considerable amount. Even the most optimistic did not, a few months ago, expect that domestic mills in May would be operating at only slightly less than the record levels of 1926-27.

Great Britain

British exports of piece goods during May totaled 168,700,000 square yards, only a slight decline from the previous month, but 52,300,000 square yards below May last year. Apparently the small exports in May reflected the slack foreign demand which was reported during most of April. The increase in the foreign demand for piece goods reported in late April and during most of May does not seem to have been reflected in the exports in May. If the increase was very substantial June exports should be larger than May. Some observers say that there is a lag of 1 to 2 months from the time the sales are made before the piece goods are exported.

During early June demand for British textiles were not very satisfactor according to reports, although an increase was said to have occurred for some types of goods. Many offers are said to have been made which were considerably too low due to price advances which have been made by spinners and manufacturers in Lancashire. The mark up in textile prices stimulated some buying, but other prospective purchasers are said to have been awaiting price reactions.

Continental Europe 1/

Reports from European cotton textile centers continued favorable during the month of May. The continued rise in raw cotton prices during most of the month stimulated the acquisition of raw cotton by continental spinners and merchants, and this buying had not only a speculative note, but was also well supported by an increase in yarn and cloth business in a large part of Europe.

New sales by cotton spinners of cotton yarns to weavers and especially to knitting and hosiery mills improved considerably during May in central as well as western Europe, whereas Italy reported a decline. New business of cotton weavers has also improved considerably, and knitting and hosiery mills sales were reported to have been of an extensive volume in both Germany and adjoining countries including France. Italy, however, again complained of an unsatisfactory turn in business.

As a result of these generally favorable tendencies, mill activity rose somewhat in the case of spinners, weavers and other manufacturing mills in France and central Europe. On the other hand, the reduction in unfilled orders which occurred as a result of unfavorable developments in new business in Italy, prompted some reduction in mill activity there.

Spinner buying of raw cotton improved throughout May and attained considerable volume particularly during the first half of the month. The latter part of the month was characterized by a somewhat hesitant attitude on the part of spinners and merchants, as a result of the then receding prices of raw cotton. Price fixation was also large during this period.

1/ Based largely on a report prepared by Donald F. Christy, Assistant Agricultural Commissioner, dated June 7, supplemented by cable on June 16.

Germany

Business in the German cotton textile industry was reported to have shown further improvement during May. Sales of cotton yarn as well as cotton cloth, knitted goods and hosiery were large and were effected at rising prices. As a result, mill activity also increased in both spinning and manufacturing mills. It was pointed out by some reports that a factor which contributed to the extent of the May improvement was the increasing demand for material used in the manufacture of flags and uniforms.

Particularly favorable reports were received during May from the Rhineland and Westphalia as well as Bavaria. Unfilled orders on hand in the spinning section are sufficient, at present levels of occupation, to last the industry for several months ahead. The most important development seems to be the growing opinion that the present favorable tendencies are due, partly, at least, to a real upturn in consumption.

The German cotton spinner report now available in detail for the month of April indicated that a gradual improvement in business occurred as a result of returning confidence. Increased sales and increased calling on old contracts was significant, so that a reduction in mill stocks of cotton yarn resulted. Unfilled orders at the end of April assured a fair level of occupation for several months ahead. On the other hand, continued complaint was expressed in regard to offers of cotton yarn by British competitors at very low prices. Similarly, the weavers' report for the month of April indicated a more than seasonal improvement in business and generally returning confidence. Some stimulating effect was ascribed to the rising raw cotton prices during the second half of April. Fabric exports were considerably handicapped by currency developments in other countries.

German cotton spinners' and German merchants' buying of raw cotton through Bremen was very significant during the first part of May, but became quieter in the second half. Price fixing was important throughout the month and especially during periods of rapidly increasing raw cotton quotations.

New statements published by important German cotton textile concerns indicate that, as was to be expected, several more enterprises were forced to cut out dividends for 1932 entirely, and in some instances even carry forward into the new account a certain loss. The hope is generally expressed that margins will develop more favorably during the current year.

Czechoslovakia and Austria

Reports from the Czechoslovakian and Austrian cotton textile centres continued unfavorable through May, although a certain revival in new sales of cotton spinners and manufacturers was evident. The rising prices of raw cotton during the first weeks in May stimulated the buying interest on the part of the spinners, weavers and merchants for raw cotton, cotton yarn, and cotton manufactures respectively, but it seems that this movement is not so well substantiated by developments in ultimate consumption as is the case in Germany. As the industries in these countries, particularly Czechoslovakia, are largely dependent on an increase in exports of cotton manufactures, any improvement in business and mill activity is bound to be short-lived, if an increase in the export trade does not develop. So far the prospects for an imminent revival of Czechoslovakia's foreign trade in textiles are not good.

The recognition of these prospects found a renewed expression at the general meeting of the Association of Czechoslovakian Textile Industrialists held at Prague the end of May. It was demanded that the agrarian protective policy adopted in recent years be considerably moderated in order to facilitate the exchange of agricultural goods from Yugoslavia, Rumania, and Austria with Czechoslovakian textile goods.

France

Developments of cotton mill business and occupation during the month of May were favorable, and a generally high level of mill activity was reached at the end of the month.

At the beginning of the month there was still considerable hesitancy evident in the trading of cotton yarn and cotton manufactures, but a considerable increase in both spinner and weaver business occurred toward the middle of May and continued, although somewhat quieter, to the end of the month. A considerable stimulus to yarn and cloth business was offered by the increase in raw cotton prices. Cotton mill stocks of yarn and cloth are reported to have been reduced through the increase in business activity, so that the level of occupation in the mills increased.

Spinner buying of raw cotton was fairly active during the first part of the month, but was later confined mostly to near requirements. Price fixation was of moderate volume.

Italy

Contrary to developments in the other countries, reports from Italy during the month of May were pessimistic, and a decline of new business of spinners, weavers and knitters as well as in the occupation of the mills was indicated. Spinners and weavers reported a reduction in incoming mill orders, a fact which brought about a reduction in mill activity.

Spinner demand for raw cotton during the first half of the month was fairly important, and price fixing attained a considerable volume. During the second half of the month, however, spinner buying of raw cotton was small, but price fixation remained important.

Poland

Recent reports on conditions in the Polish cotton textile industry indicate that a considerable revival of business in cotton yarn and cotton cloth as well as in knitted goods and hosiery has taken place at increasing prices. As a result of the improvement in business, cotton yarn stocks at Lodz have declined considerably, and mill activity has increased. Business in finished cotton cloth was particularly large and the factories were compelled to work at full capacity for several weeks. As is usually the case in times of improving conditions, the Spinner Cartel has been further weakened by the withdrawal of 11 firms.

Basically, the situation in the Lodz cotton textile industry still offers considerable grounds for complaint. A number of the large enterprises are practically state-owned, or are financed to a considerable extent by contributions from the Government or outside sources.

Russia

The April production plan of the cotton textile industry was fully executed and even slightly surpassed, with the output of cotton fabrics amounting to 248,013,000 yards or 101 percent, of the plan. This production of fabrics was somewhat below that of the previous month, but above that of April 1932 and April 1931. Yarn production was also fully up to the plan, with 30,236 metric tons, or 66,660,000 pounds, or 102.4 percent of the plan produced in April, which is also somewhat less than in March this year, but more than in April a year ago.

China

Chinese cotton consumption during April is said to have declined and was perhaps the lowest for several months. However, mill activity started picking up in late May, and, by mid-June, activity was estimated at 85 percent of capacity in the Chinese section of the industry and 80 percent in the Japanese owned mills. At mid-May activity in each of these two sections of the industry was about 70 percent of capacity. The easing of the political situation in North China has created some optimism, but at the middle of June the yarn market was still very weak and demand was only sporadic.

Yarn stocks showed further accumulation during the month of May, although due to the reduced rate of mill activity, the rate of accumulation was not so great as in the previous month. The prices of cotton yarn showed some further weakness during May, although the prices of raw cotton strengthened.

The supply of Chinese cotton in China at mid-June was reported as getting very short with something like 10 percent of the estimated commercial crop remaining. The short supplies of raw material may result in some reduction from the present rate of activity before sufficient supplies can be brought in. Unless some improvement occurs in the demand for cotton yarn, a reduction in mill activity may be necessary if the large stocks of yarn are to be reduced.

The Chinese piece goods market during the period from May 15 to June 15 remained quiet with dealers interested in purchasing cheap, low grade cloths. Stocks of piece goods as a whole were said to have been light toward the middle of June, and market prices remained steady at higher levels than a month earlier.

Japan

The demand for spot cotton in Japanese markets improved during the latter part of April and the first 3 weeks of May according to a report prepared in late May by Consul Donovan at Kobe. Sales of American cotton were said to have exceeded arrivals and the cotton afloat, so that some reduction in stocks was expected. The report stated that uncertainty regarding the course of yen-dollar exchange had and was holding up purchases of American cotton, but that the declining stocks were expected to bring about increased purchases within a short time. However, stocks of American cotton in Japan were still rather large.

Imports of American cotton during April totaled about 102,000 bales of 500 pounds compared with imports of Indian of 150,000 bales of similar weight. This was the first time for more than a year and a half that imports of Indian have exceeded imports of American. The relatively larger imports of Indian during April reflect the improvement in the price parity in favor of Indian.

Yarn production in May was only slightly less than the record production during April. The 252,600 bales (of approximately 400 pounds) of yarn produced in May was 20,000 bales or 9 percent greater than production in May last year, and brought the total for the first 10 months of the season to 2,425,000 bales compared with 2,291,000 bales during the like period last season. The present indications are that the total consumption of cotton in Japan during the season ended July 31 next will exceed the record year 1929-30, since yarn production so far this season has been above the like period of 1929-30. Yarn production dropped considerably during the last 2 months of the 1929-30 season.

India

During the first few months of the season Indian mills used larger quantities of Indian cotton than they had ever used during corresponding months. Since December mill activity has declined, and in April mill consumption of native grown cotton was the smallest for that month since 1928. However, for the first 9 months of the season total consumption was about the same as in the like period during the 1929-30 season and larger than in the similar period of any other season in the history of the Indian cotton textile industry.

The competition from Japanese goods has no doubt been an important factor in the reduced activity in the Indian mills. The large imports of Japanese goods were largely responsible for a rather recent increase in the Indian tariff rate on non-British goods.

Production, Acreage, and Crop Conditions

United States

At the present time those interested in the cotton situation are watching with considerable interest the results of the Agricultural Adjustment Administration's efforts to get cotton farmers to cooperate in the reduction of this year's acreage. Contracts will be offered cotton farmers during the week beginning June 26. The contract constitutes an agreement between the farmers and the Secretary of Agriculture, whereby the Secretary agrees to pay the farmers for the taking out of production acreage which has been planted to cotton this year.

Private estimates have been indicating an increase in this year's acreage ranging up as high as 11 percent. The first official acreage estimate of the Department of Agriculture will be released on July 8 giving an estimate of the acreage in cultivation on July 1. If a sufficient number of acres should be contracted for to justify putting the adjustment plan into operation, the farmers will not be asked to take the land out of cotton until after July 1. Therefore, the estimate of the acreage as of July 1 will not be affected by the adjustment plan.

During the first part of the planting and growing season the domestic crop was considerably retarded by unfavorable weather conditions. In recent weeks the weather has been more favorable and the crop has made fairly good

progress in most sections of the belt. There are still large sections in the South Plains of the Texas Panhandle which are so dry that relatively small percentages of the crop have been planted. Cotton planted in these regions after June 20 does not generally give very satisfactory yields due to the short growing season.

Russia

The cotton planting campaign is approaching its end, with the chief cotton producing regions of the Union, the middle Asiatic republics, reporting the plan 90 percent completed by May 15. Total sowings to that date in middle Asia were reported to have amounted to 2,796,000 acres. It appears that this year's sowings were something like 15 percent below those of a year ago. This lag is attributed to the unfavorable spring weather in large sections of the cotton growing regions. No data are available on total plantings of cotton for the Union as a whole.

A recent stipulation of the Government foresees several measures, all aiming to assure high yields of cotton by proper and timely cultivation. Thus, cotton is to be worked up three times during the maturing season, with provisions for the first to be accomplished by June 10, the second by July 1, in middle Asia, and June 25, in the other regions, and the third not later than 20 days after the second. Day and night irrigation is also to be organized, and care is to be taken that the more experienced farmers are engaged for this type of work. Measures to protect the cotton crop from locusts and other noxious insects are also to be taken.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-94 July 26, 1933

WORLD COTTON PROSPECTS

Summary

Activity in the domestic cotton textile industry reached the highest levels on record during June and apparently continued at such levels during the first half of July. United States cotton consumption in June which amounted to almost 700,000 bales was more than twice as large as in June 1932 and two and one half times the low level reached in July last year. Textile sales have been rather large during recent weeks but have probably been somewhat below the record output. Uncertainties as to the future price level and the anticipation of increased costs have been important factors in the high level of production during May, June and July. In most foreign countries activity has increased somewhat in the past 2 months.

The acreage in cultivation in the United States on July 1 was estimated at 40,798,000 acres or 11.6 percent above that of 1932 and 4.3 percent greater than in 1931. No acreage had been removed from cultivation by the Agricultural Adjustment Administration up to July 1 so that the acreage which is taken out of cultivation under the Adjustment Administration will reduce the above figure by that amount. It was reported on July 17, that a preliminary check-up showed that more than 10,000,000 acres had been contracted under the terms of the Adjustment Administration and that it was estimated that this amount of acreage would take out of production 3,500,000 bales or more.

The official estimate of the Egyptian Government places the 1933 cotton acreage in Egypt at 1,873,000 acres. This is an increase of 65 percent

over the 1932 acreage, but is only 7 percent above that of 1931 and is 13 percent below the 1930 acreage. The present indications are that the acreage in China is larger and at mid-July conditions on the whole pointed to a crop larger than last year but in North China excessive rains have severely damaged the crop and in this region the production may be less than that of 1932-33.

Domestic exports during June showed a material increase over May and were the largest for any month since January despite the fact that exports in June are usually smaller than in any of the preceding months of the season except August. Not since 1919 have exports in June been as large as this year. At the end of April the season's exports were almost 900,000 bales less than the like 9 months of last season whereas at the end of June they were only 531,000 bales less than in 1931-32. Exports during the first half of July continued to run above a year earlier.

Prices

On July 18 cotton prices in the ten designated markets averaged 11.51 cents per pound, which was the highest price recorded in these markets since August 1930. By July 21, however, prices declined to 9.35 cents. During the first half of July prices in these markets averaged about 10½ cents per pound compared with slightly over 9 cents during the first half of June. The advance of about 1½ cents from the first half of June to the first half of July was largely a revaluation of cotton in terms of domestic currency. Prices during these two periods, when converted to a gold basis, showed an advance of about 1 percent, whereas the currency prices represented a 15 percent increase. The average price in the ten markets for the first half of July was about 63 percent above the average at these markets during the first half of April when expressed in terms of the dollar. When reduced to gold values, however, the increase was about 19 percent. The advance in the gold value of cotton in these markets has been a result of improved general economic conditions, increased textile activity, the anticipation of a reduction in this year's production through the Agricultural Adjustment Administration, and possibly anticipation of continued inflation and perhaps of further improvement in business. At Liverpool American Middling, in terms of British currency, showed only a slight increase during the first half of July as compared with the first half of June. On July 18 American Middling at Liverpool was 6.48 pence per pound, which was slightly below the high point for recent months reached on June 27 when American Middling in British currency was 6.59 pence per pound.

Stocks and Movements

Apparent supply of American cotton in United States

On July 1 there were apparently about 9,400,000 bales of American cotton on hand in the United States. This was a decrease of about 1,200,000 bales as compared with July 1 last year, but was 2,300,000 bales larger than the apparent supply remaining in this country on July 1, 1931. The decrease in the apparent supply from June 1 to July 1 totaled almost 1,300,000 bales, a little over 600,000 bales being exported and almost 700,000 bales consumed. During June last year disappearance amounted to less than 700,000 bales, 300,000 being consumed and somewhat less than 400,000 bales exported.

Exports of American cotton

The advance in cotton prices and the generally improved sentiment regarding economic conditions have brought an increase in the export movement of American cotton during the past several weeks. Total exports during the month of June, which amounted to about 615,000 bales, represented an increase over the rather large shipment during May, were 70.6 percent above June last year, and were the largest for the month since 1919. Ordinarily the export movement during June is smaller than any preceding month of the season with the exception of August. This year, however, the June exports were the largest for any month since January. Most important foreign consuming countries took larger amounts of American cotton during June this year than in June 1932. In the case of Japan, this was the first time exports had exceeded those of a year earlier since last November. Total exports for the 11 months ended June 30 amounted to 7,727,000 bales, or 531,000 bales less than during the corresponding period last season. At the end of April our export movement for the season was almost 900,000 bales below the like period of last season, so that in 2 months we have picked up almost 400,000 bales. Trade reports indicate that exports during the first half of July were much larger than the first half of July last year, so by the end of the season chances are the total exports will not be as much as 500,000 bales below the 8,708,000 bales exported in 1931-32.

Exports of Indian and Egyptian cotton

From August 1 to July 13 India exported 2,057,000 bales of approximately 400 pounds. This represented an increase of 632,000 bales, or 44 percent over the corresponding period of 1931-32, but a decrease of 1,181,000 bales, or 36 percent, as compared to the like period of 1930-31. Exports from India as from the United States have also shown a pick-up in recent weeks. During the 6 weeks from June 1 to July 13, there were 321,000 bales of Indian cotton exported compared with 142,000 and 272,000 bales during the like weeks in 1931-32 and 1930-31. This represents an increase of 126 and 18 percent respectively. Exports to the two countries, Japan and China, as reported in the Commercial and Financial Chronicle, showed a material increase during this 6-week period. Most of these exports probably went to Japan since China has been importing only small amounts of Indian cotton. The increase to Japan in recent weeks has been influenced by the anticipation of a boycott being placed on Indian cotton retaliatory to the higher tariff duty which affects Japanese piece goods exports to India. Exports to the Continent and Great Britain have shown increases similar to that of the total to all countries, and

apparently reflects the somewhat better economic situation within these areas.

From August 1 to July 12, Egypt's exports of raw cotton amounted to about 805,000 Egyptian bales which weigh approximately 750 pounds. This represents a decrease of about 18 percent compared with the like period of 1931-32, and was slightly less than during the like period of 1930-31. During the last 6 weeks of this period, however, exports of Egyptian cotton were about 30 percent larger than during the corresponding period of last season and almost equal to the like period of season before last. Most of the exports during this 6-week period went to the Continent and India.

Textile Situation

United States

Under the stimulus of the advancing prices of raw materials, the heavy purchases of textiles in anticipation of inflation, and the uncertainties as to the rate of activity which will be allowed under the terms of the National Industrial Recovery Act, domestic cotton mill activity reached the highest levels on record during June. Total mill consumption for the month amounted to 696,000 running bales. This was more than twice the amount consumed during June last year, was two and one half times the low level of last July, and exceeded by 3,000 bales the previous record consumption of March 1927. For the 11 months ended June, domestic mills used 5,535,000 bales, almost 1,000,000 bales or 20.7 percent above the first 11 months of last season, and more than 700,000 bales greater than in the like period of 1930-31. Reports indicate that activity during the first half of July continued at record levels. It is expected, however, that under the recovery act, activity will be curtailed somewhat.

Of the total consumption by domestic mills during the first 11 months of the season, 5,418,000 bales represented American cotton. With activity running as it has in the first part of July, there is little doubt that total domestic consumption of American cotton for the 1932-33 season will exceed 6,000,000 bales. In 1932-33 United States consumption of American cotton amounted to only 4,744,000 bales; in 1930-31, 5,484,000; and in 1929-30, 5,803,000 bales. In each of the 4 years, 1925-26 to 1928-29, domestic mills used more than 6,000,000 bales of American cotton.

Great Britain

The fluctuation in exchange rates during recent weeks has been a disturbing factor in the British export market. On the whole, sales of yarn have in recent weeks probably about kept pace with output. Sales of cloth, however, have apparently been slightly below production.

The exports of piece goods during June totaled only 141,600,000 square yards, the lowest for any month since last October and compares with 184,800,000 square yards, for the month of June last year. Total exports of piece goods from Great Britain during the 11 months August to June, amounted to 1,935,000,000 square yards. This is still larger than exports during the corresponding period of last season or the season before, despite the steady decline which occurred from April to June this year. The British are said to export about half of the cotton textiles they produce during recent years. Their export market, therefore, is of great significance to the industry.

Continental Europe 1/

The improvement noted in the continental European cotton textile situation during recent months was maintained during June, and in some instances, further gains were reported. The continued increase in raw cotton prices during June again stimulated new continental purchases of raw cotton as well as price-fixing. Developments in new sales of cotton yarn and cotton cloth were likewise favorable over a large part of the Continent.

New sales by cotton spinners of cotton yarns to weavers as well as to knitting and hosiery mills continued satisfactory in both Germany and western Europe, but Italy again complained of declining commitments. Sales by cotton weavers as well as by knitting and hosiery mills likewise continued important throughout June in both Germany and France, while maintenance of seasonal increases was also reported from other central European countries. Italy reported that latest export figures for cotton cloth indicated a certain improvement, but on the whole business of the Italian weaving mills continued unsatisfactory.

The favorable development of new sales has permitted the maintenance of the increased levels of mill occupation over most of the Continent and, in some cases, activity has even increased.

Spinner buying of raw cotton was of considerable volume during the month of June in most continental countries, and the rising American prices stimulated not only buying of new crop, but also price-fixing on old contracts. Somewhat quieter tendencies were observed toward the end of the month, when general uncertainty and pessimism regarding the probable achievements at the World Economic Conference dampened the spirit of enterprise. C. i. f. import buying by continental cotton merchants during June was also considerable.

Germany

New business in the German cotton textile industry during the month of June was reported to have continued favorable. Sales of cotton yarn, cotton cloth and knitted goods continued important, and mill activity showed a tendency to increase further, not only in spinning, but also in weaving mills. There was a slackening toward the end of the month, however.

The detailed cotton spinner report now available for the month of May indicates that except for the 2-cylinder mills the April revival was continued, and even strengthened during May. All cotton textile districts reported an important influx of new orders and active calling on old contracts, with mill activity generally increased and additional workers employed. Similarly, cotton weavers stated that the month of May brought further increases in mill activity as a result of a continuance of favorable sales throughout that month. However, sales of colored fabrics were sometimes complained of as unsatisfactory, both in regard to volume and to prices. A certain amount of refilling of stocks has taken place in order

1/ Based largely on a report from Assistant Agricultural Commissioner Donald F. Christy at Berlin, dated July 6, 1933, supplemented by cable July 14.

to comply with the demands of domestic customers in regard to choice available. On the other hand, the export situation remains very unfavorable, and the depreciation of the dollar was among the factors enumerated as having disturbed export sales of German fabrics during May. As a result of the increased bookings in April and May, a relatively favorable rate of weaving mill activity is insured for 3 months ahead.

German cotton spinner buying at Bremen during the month of June was of considerable volume, and the rising American prices generally stimulated purchases of new crop cotton as well as price-fixing on old contracts. Cotton spinner interest for raw cotton was somewhat quieter toward the end of the month, as a result of considerable uncertainty and pessimism exhibited in regard to the outturn of the London conference.

Czechoslovakia and Austria

The slight revival reported from the Czechoslovakian and Austrian cotton textile centers for the month of May seems to have continued during June, but it is generally characterized as a seasonal improvement far below that experienced elsewhere. Reports from these two countries are rather scarce, so that it is difficult to judge the situation accurately. It seems certain, however, that the great obstacles in the way of international trade continue to be severely felt by the Czechoslovakian cotton industry, which depends so largely on exports. On the other hand, the grave economic crisis in Austria, recently aggravated by political uncertainties and economic measures adopted by Germany against the Austrian tourist traffic, makes it improbable that the recent improvement in the textile mills will be consolidated by a substantial upturn in final consumption.

France

Continued favorable reports were received during the month of June from the cotton textile centers of France. New sales of cotton yarn and cotton manufactures were high, and mill activity somewhat further increased.

The continued rise in raw cotton prices stimulated sales of cotton yarn and cotton cloth at Roubaix and Rouen around the beginning of the month. Difficulty was encountered, however, in the case of export sales. As prices continued to rise, spinners' as well as weavers' margins increased. The French Syndicate recently received reports from Rouen spinners, indicating that sales of cotton yarn in that district have surpassed current production as well as the normal level of production at this time of the year. As a result of this development, cotton yarn stocks were further reduced, and some spinners have commitments on hand to last them well into the winter.

During the second half of the month a slight hesitancy arose in the case of cotton yarn and cotton cloth buying, but a good business was done both in northern France and in Normandy as well as in the East. Export business improved slightly, and cloth manufacturers are reported to have received important orders from abroad.

The uncertainty in business observed during the second half of June was attributed to some pessimism about the outcome of the London Conference.

Similar reports were received from other countries, and it seems that business in cotton textiles, under the present circumstances, is strongly influenced by psychological factors.

French cotton spinner buying of raw cotton improved considerably during the month of June, and large acquisitions of new crop cotton were made. Active price-fixing on setbacks in the raw market was also reported during the first half of the month, while during the second half price-fixing was somewhat slow.

Italy

The unsatisfactory developments in the Italian cotton textile industry reported for May continued during June. This is a significant contrast compared with the pick-up in new business in other continental countries. Spinner and weaver mill activity was fairly satisfactory and higher than at any time during the past 3 years, but it must be expected that this activity will be reduced in the near future, as a result of the continued reduction in new business, declining amounts of unfilled orders on hand and slightly rising mill stocks of cotton yarn. Spinners have also complained of unsatisfactory margins in recent weeks. The somewhat pessimistic picture reflected by Italian trade reports is not appreciably altered by the latest figures on exports of cotton cloth, which show a slight improvement.

Italian spinner buying of raw cotton increased during June, and general interest was shown for new crop throughout the month, with a fair demand evident for Indian cotton. Price-fixing on old contracts also increased during June.

Russia

The cotton textile industry during May continued to produce as much as had been planned, but no official figures on production are available as yet. Press information indicated that production of cotton fabrics was 103.5 percent of the plan, while yarn production was 105.2 percent of the plan.

Japan

During June yarn production in Japan amounted to 257,000 bales of approximately 400 pounds each. This represented a slight increase over production in May, and was practically the same as the April out-put, which was the largest ever recorded. For the 11 months ended June, total yarn production amounted to 2,682,000 bales. During the first 11 months of the 1931-32 season Japanese yarn production totaled 2,550,000 bales. The yarn out-put for the 11 months this season was the largest for a like period in the history of the Japanese industry. It seems likely, therefore, that the consumption of cotton in Japan for the 1932-33 season will be the largest on record. In view of a smaller proportion of American cotton being used, there is little doubt that the report, when available, will show that the consumption of American cotton during the last half of the season was below that of the like period in 1931-32. For the season as a whole, consumption of American cotton may not be greatly different from that of last season.

During May imports of American cotton into Japan dropped to 56,000 bales, whereas in April they amounted to more than 100,000 bales. In May last year Japan imported 350,000 bales of American cotton. Not since 1928 have imports into Japan during May been as small as those of May this year. According to Vice-Counsel McConaught at Kobe, the small imports were due to the uncertainties concerning the exchange rate of American currency, to the abnormally large stocks of American cotton already on hand, and to the price parity which for some time has been decidedly in favor of Indian cotton. The imports of Indian cotton during May amounted to 181,000 bales of about 500 pounds, which was the largest for the month since 1926, and more than three times the imports of May last year. Favorable price parity, in addition to the anticipation of the boycott being placed on Indian cotton, retaliatory to the Indian tariff on Japanese goods apparently account for the large imports of Indian cotton during May.

Cloth exports in May amounting to 199,600,000 square yards, compared with 161,700,000 square yards the preceding month, were the largest for any month since December 1932, and the largest on record for the month of May. The new Indian duty on Japanese piece goods, which became effective June 7, has cast considerable gloom over the Japanese piece goods market. The Japanese hope, through the boycott of Indian cotton, that they will be able to force down the Indian duties. Japanese spinners are willing to sacrifice their immediate interests if they can be reasonably certain that the Indian market for piece goods can eventually be regained. It may be, therefore, that the boycott will be reasonably effective in restricting imports of Indian cotton. If this were maintained for a considerable period, it would probably afford an opportunity for larger imports of lower quality American cotton. However, the reduced sales of Japanese piece goods in India would tend to off-set this advantage in that Japanese mills might find it necessary to reduce activity. The boycott on Indian cotton became partly effective on June 13 when it was forbidden that forward contracts be made. Shippers were permitted to sell stocks already contracted for, and forward and speculative commitments already made were exempt from the boycott. According to Vice-Counsel McConaught, at least 200,000 bales of Indian cotton, known to be involved in such agreements, will enter Japan in the next 2 or 3 months.

China

At mid-July it was estimated that Chinese owned mills in China were operating about 70 percent of capacity compared with about 85 percent a month earlier, and about 70 percent at mid-May. The Japanese mills were estimated to have been operating at about 75 percent of capacity around the middle of July, whereas a month earlier they were said to have been operating at about 80 percent of capacity. According to Agricultural Commissioner Dawson at Shanghai, there are some indications that further curtailment may take place, but no definite agreement had been reached up to the middle of July. During the month from the middle of June to mid-July the demand for yarn showed no appreciable improvement, although yarn stocks at Shanghai showed a slight decrease. During the first part of the month under review, yarn prices rose somewhat, but toward the end of the period dropped when the definite curtailment measures were not adopted. At that time yarn prices remained at an unfavorable ratio to cotton prices.

During the month ended July 15 the piece goods market in China was rather quiet. This is at least partly a seasonal characteristic at this time of the year. Clearances of piece goods are said to have been poor during this period, with little up-country demand. The new tariff rate has been a factor in restricting bookings, according to the report from Mr. Dawson.

Stocks of American cotton in warehouses at Shanghai at the beginning of July are estimated to have been about 70,000 bales compared with 182,000 bales at the end of June last year. Stocks of Indian cotton totaled 19,000 bales compared with 15,000 bales a year earlier, and Chinese grown cotton amounted to 41,000 bales compared with 33,000 bales last year.

India

There was a pick-up in mill activity in India during May with mill consumption of Indian cotton totaling 187,000 bales of approximately 400 pounds compared with 175,000 bales in April. During May last year mills in India used 177,000 bales of Indian cotton. For the season from August 1 to May 31, total consumption amounted to 1,088,000 bales or an increase of about 3 percent over the like 10 months of 1931-32. With the exception of 1929-30, consumption in India this season up to the end of May was the largest for a corresponding period on record. It is expected that with the reduced imports of Japanese piece goods into India, as a result of the higher tariff recently imposed, that Indian mills may increase activity somewhat.

Production, Acreage and Crop Conditions

United States

According to the estimate of the Crop Reporting Board there were on July 1 about 40,798,000 acres of cotton in cultivation in the United States. On July 1 last year it was estimated that 36,542,000 acres were in cultivation. While this year's acreage represents an increase of 11.6 percent over that of 1932 and 4.3 percent over 1931, it is 11.3 percent less than the record planted acreage of 1925 and 1.5 percent less than the 5-year average. The market had apparently discounted the report for there was little reaction when the report was released.

All of the cotton producing states showed increases over the acreage in cultivation on July 1, 1932. In Oklahoma and Texas the increases were 30 percent and 16 percent respectively, whereas in Mississippi the increase was only 1 percent. In most of the other principal producing States the increase amounted to 5 or 6 percent. These acreage figures were not affected by the reduction in acreage which will be made under the Agricultural Adjustment Administration. According to the latest official announcement which was released on July 17 more than 10,000,000 acres had been contracted for withdrawal from production. This acreage it was said would, according to indicated yields, produce about 3,500,000 bales or more.

In many sections of the Cotton Belt weather conditions have been rather favorable during recent weeks and the progress of the cotton crop has been about average. In the Eastern Belt rains around the middle of July are said to have improved conditions somewhat, but the weather has not been very hot so that weevil activity may increase if the favorable temperatures continue long. The drought

continued in large areas in Texas and Oklahoma up to mid-July and in these regions shedding, blooming in the top, and premature opening are said to be occurring. It hardly seems likely that anything will prevent much of this extremely dry area, where the winter rainfall was so low, from having very low yields this year. However, abundant rain and a late fall might yet permit good yields.

Egypt

The official estimate of the Egyptian Government has been received which places the 1933 Egyptian cotton acreage at 1,873,000 acres. This compares with 1,135,000 acres in 1932, 1,747,000 acres in 1931, and 2,162,000 acres in 1930. Therefore, even though this year's acreage is 65 percent larger than last year's, it is only 7 percent above that of 1931, and is 13 percent below that of 1930.

No detailed report has been received giving the acreage in Sakellaridis and other varieties, but it is expected that varieties other than Sakellaridis will show the greatest increase. This year the area permitted to be planted to Sakellaridis is 40 percent of the cultivated land belonging to each proprietor, whereas in 1932 he was restricted to 30 percent. In the case of other varieties, 50 percent of the land may be planted compared with only 25 percent last year.

The acreage restriction decree existing this year is said to be essentially non-restrictive since most farmers hardly ever plant more than 40 or 50 percent of their land to cotton in any one year. This revision in the acreage restriction law, the low returns from other crops, and the advance in cotton prices apparently explain the large increase in the 1933 acreage.

China

Preliminary information on the Chinese cotton crop indicates that the 1933 acreage there is larger than in 1932, according to a radiogram received on July 14, from Agricultural Commissioner Dawson at Shanghai. He also stated that the new crop was handicapped earlier in the season, especially in the Yangtze Valley, by excessive rain and cool weather. However, from mid-June to mid-July growing conditions were better in most regions. The conditions at planting time were said to have been to a large extent favorable. The prospects are, therefore, for a crop somewhat larger than that of 1932-33.

A message received by the Department of State from their representatives in Tientsin dated July 18, states that reports on the North China cotton crop are very conflicting but that it is definitely established that the crop in Honan and northwestern Hopei Provinces has been damaged considerably by heavy rains in June. Tientsin cotton dealers were anticipating that the total cotton crop of North China will be materially lower than last year. Some dealers estimated a decrease in this area as much as 15, 20, or even 30 percent.

Russia

Although weather conditions were not favorable for early planting of cotton in Middle Asia, the campaign is reported to have been satisfactorily completed, on the whole. However, no figures as to the acreage actually sown to cotton this spring have yet been published. Reports on the cultivation of the cotton fields indicate rather unfavorable progress. The first hoeing of cotton was supposed to be finished by June 10, according to Government stipulation, but only 84 percent of the acreage was reported worked up by June 15.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-95 August 31, 1933

WORLD COTTON PROSPECTS

Summary

During July and August the Japanese boycott of Indian cotton, in protest against the higher Indian tariff on non-British goods, materially affected the importation of Indian cotton into Japan. It is expected that beginning in September, imports of Indian cotton into Japan will be even smaller if the boycott semtiment prevailing in late August should continue. The fact that ordinarily Japan takes a million bales or more a year of India's exports, or one-third to one-half of India's total exports makes the situation extremely important both to the Indian and American cotton producers and merchants. A continuation of the boycott would result in larger imports of American, particularly the lower grade and shorter staple cotton which would be substituted for Indian. This would be particularly true if Japan should be able to develop other markets, as the manufactures are said to be hopeful of doing, to offset the loss of sales to India, thereby enabling the mills to continue operating at high levels. While such a development would increase the demand for American cotton in Japan it would result in American cotton meeting greater competition from Indian in European markets. During July and August prices of Indian cotton at Liverpool declined considerably in relation to prices of American and in August were cheaper in comparison with American than at any time for more than 2 years. The boycott in Japan was probably a factor in the greater weakness in the prices of Indian than of American.

Present indications are that foreign cotton production in 1933-34 will probably be somewhat greater than in 1932-33, although it still is too early to be very definite about the size of the crop in some of the foreign

countries. With an increase of around 65 percent in Egypt's cotton acreage this year yields would have to be unusually small to prevent Egypt from producing a larger crop than that of 1932-33 which was the smallest for more than a decade. The acreage planted in India up to August 1 was 4.6 percent greater than in 1932-33 but up to mid-July there had been such a severe shortage of water in many of the important cotton producing regions that there was considerable apprehension as to yields. The Chinese Cotton Statistics Association has recently forecast that the 1933-34 crop in China would be more than 700,000 bales or 32 percent larger than in 1932-33, but information from the Bureau's Shanghai office indicates that the increase will probably not exceed 15 or 20 percent. The 1933-34 Brazilian crop has been forecast by the Brazilian Government at about 650,000 bales of 478 pounds compared with an average crop of about 500,000 bales and last year's unusually small crop of 350,000 bales. The crop in Mexico last year was also unusually small so that the forecasted production of 223,000 bales while more than double that of 1932-33 represents only a return to about average. In Russia the cotton plan for 1933 called for a smaller acreage than was cultivated in 1932-33.

Prices

On July 18 cotton prices in domestic markets reached the highest level recorded for almost 3 years. The ten designated markets on that day averaged 11.51 cents per pound. This was the highest point prices reached during the 1932-33 season, for by July 21 the average price in these markets had declined to 9.85 cents and on the last day of the season averaged 9.74 cents. The lowest point reached during the season was on December 5 when the ten markets averaged only 5.45 cents per pound. The average price for the month of July was 10.52 cents, the highest monthly average for the season compared with the lowest monthly average of 5.72 cents for December. The average price of Middling 7/8 inch cotton in the ten designated markets for the 1932-33 season was 7.15 cents compared with 5.89 cents in 1931-32, 9.61 cents in 1930-31, and 15.79 in 1929-30.

On the first day of August the average price of Middling in the ten spot markets was 10.11 cents, by August 16 declined to 8.32 cents and on August 30 had recovered to 9.13 cents.

In terms of gold cotton prices in the ten markets for the week ended August 26 averaged 6.56 cents per pound compared with 8.06 cents during the week ended July 1, the highest weekly average in terms of gold since the United States suspended gold payments in April. The currency price for the week ended August 26 was 9.10 cents and for the week ended July 1 was 10.09 cents. While the average price in the ten markets for the week ended July 15 in terms of the American dollar was 11.04, the highest weekly average for the season, the exchange value of the dollar was such that in terms of gold cotton prices that week averaged only 7.75 cents.

During July prices of Indian cotton in Liverpool decreased somewhat relative to prices of American in that market and during the first 3 weeks of August declined still further as compared with American. The prices of Indian during the first 3 weeks of August were cheaper in comparison with the prices of American than they have been for more than 2 years. Perhaps a rather important factor in this development has been the effectiveness of the Japanese boycott of Indian cotton in protest against the higher tariff India imposed upon non-British goods in June which has materially affected Japan's exports of cotton manufactures. In view of the fact that Japan usually takes from one-third to one-half of India's exports, usually exceeding a million bales, an effective boycott by Japan, if continued long, would leave this cotton to be disposed of in Europe. Under such developments, American cotton would meet greater competition in European markets and perhaps in China, and less competition in Japan. It seems likely, therefore, that since imports of Indian cotton into Japan are said to have declined materially in July and August with the prospects for further decline in September that this was probably a factor in the decline in the prices of Indian cotton relative to American in Liverpool.

Stocks and Movement

Carry-over of cotton in United States

Total stocks of raw cotton in the United States on August 1, 1933, were reported by the Bureau of the Census at 8,170,000 bales, which compared with 9,678,000 bales a year earlier and 6,370,000 bales on August 1, 1931. The amount of American cotton in the United States at the beginning of the 1933-34 season totaled 8,083,000 bales compared with a carry-over in the United States last year of 9,581,000 bales and an average during the past 5 years of 4,944,000 bales. The 10-year average carry-over of American in the United States which represents a more normal period, was 3,686,000 bales.

The stocks of American cotton in public storage and at compresses amounted to 5,704,000 bales this year compared with 6,657,000 bales on August 1 last year. Mill stocks of American at the beginning of the season amounted to 1,299,000 bales, whereas last year they totaled 1,163,000 bales. The stocks located "elsewhere" in the United States which are largely composed of cotton on farms, but in addition includes cotton for export, on shipboard, but not cleared, cotton coastwise, and cotton in transit, amounted to 1,080,000 bales on August 1 this year. Last year the "elsewhere" stocks totaled 1,760,000 bales.

Exports of American cotton

Domestic exports of raw cotton during July amounted to 692,000 bales, which was 54.1 percent larger than in July last year and considerably larger than exports during any other July on record. Exports for the last quarter of the 1932-33 season were larger than any corresponding period on record. As a result of the heavy exports in the later part of the season the total foreign shipments for the season were only 288,000 bales or 3.4 percent less than the previous season and were, with the exception of the 1931-32, the largest for any season since 1926-27. Total exports in 1932-33 amounted to 8,419,000 bales compared with 8,708,000 bales in 1931-32 and an average during the past 5 years of 7,722,000 bales.

Exports to Germany in 1932-33 were larger than those to any other country although exports to Japan were again large. Total shipments to Germany amounted to 1,849,000 bales which compares with 1,570,000 bales in 1931-32. All important European countries took larger amounts of American cotton during the season which just closed than during 1931-32, so that total exports to Europe in 1932-33 amounted to 6,078,000 bales compared with 4,864,000 bales during the previous season.

The greatest decrease in exports occurred in the shipments to China. During the 12 months ended July 31, 1933 there were only 301,000 bales of American cotton exported to China, whereas, during the previous 12 months China took 1,112,000 bales of our exports. However, the sharp drop in China's takings was not surprising in view of the fact that prior to 1931-32 exports to China had never exceeded 429,000 bales and that the average takings in recent years has been around 200,000 bales per season. It was the combined effect of the short crop in China, the small crop in India, the record supplies of American cotton, and the high level of mill activity in China, which caused the extraordinary movement to China in 1931-32. The same factors were responsible for Japan taking almost 2,300,000 bales in 1931-32. The 1,743,000 bales exported to Japan during the season just ended made 2 record years in succession and was to a considerable extent accounted for by the fact that mill consumption in Japan in 1932-33 was the largest on record. The fact that the exportable surplus of Indian cotton was again smaller than usual in 1932-33 was also an important factor in the large exports to Japan.

From August 1 to the latter part of August this season total exports were above the like period last season, according to commercial reports. Exports to Great Britain, however, were somewhat below the first part of 1932-33.

Exports of Indian cotton in 1932-33

From August 1, 1932 to July 27, 1933 total exports of raw cotton from India amounted to 2,157,000 running bales (weight, approximately 400 lbs.) compared with 1,461,000 bales during the like period of 1931-32 and 3,341,000 bales in 1930-31, according to data from the Commercial and Financial Chronicle. While the 1932-33 exports were considerably in excess of those of 1931-32 they were much below average. In only one season during the 10-year period 1921-22 to 1930-31 were Indian exports below 3,000,000 bales.

Exports from India to Great Britain during the season just ended amounted to 192,000 bales compared with 130,000 bales in 1931-32 and 277,000 bales in 1930-31. Japan and China took approximately 2,000,000 bales in 1932-33, whereas in 1931-32 they took a little less than 900,000 bales. In 1930-31 shipments to Japan and China totaled about 1,890,000 bales. The greatest increase in India's exports in 1932-33 were in those to the Continent of Europe. The 767,000 bales exported to those countries were 330,000 bales or 75.5 percent larger than the previous season but was still approximately 400,000 bales or 34.3 percent less than in 1930-31.

Exports of Egyptian cotton in 1932-33

Up to the 26th of July total exports from Egypt for the 1932-33 season amounted to 839,000 bales of approximately 750 pounds. During the like period in 1931-32 Egyptian exports totaled practically 1,000,000 bales and in 1930-31 about 900,000 bales. The 1932-33 exports from Egypt were probably the smallest since the 1921-22 season which is not surprising, however, since the 1932-33 crop was the smallest since 1921-22.

Textile Situation

United States

The 600,000 bales of cotton consumed by domestic mills during July brought the season's total to 6,136,000 bales. In July last year domestic consumption amounted to only 279,000 bales and the total for the 12 months ended July 1932 was only 4,866,000 bales which was the smallest since 1910-11. The consumption in July this year was the largest for that month on record and the previous month's consumption was the largest for any month on record. As a result consumption for the last quarter of 1932-33 was the largest for any corresponding period in the history of the domestic industry. The total consumption for the season was the largest since 1928-29 despite the low level of consumer incomes. The unprecedented activity during the last quarter of the season was apparently due to several factors including the sharp advance in raw cotton prices and other commodities which along with the improved business sentiment and outlook resulted in a sharp advance in sales of textiles, and a speeding-up to fill the large orders before the changes under the N. R. A. went into effect and perhaps also before the processing tax under the Agricultural Adjustment Administration became effective.

The domestic consumption of American cotton during the season just ended amounted to 6,003,000 bales or an increase of 1,259,000 bales or 26.5 percent over that of 1931-32 and compares with 5,084,000 bales in 1930-31, and 5,803,000 bales in 1929-30. The advance in cotton prices in the last quarter of the season and the other favorable developments which occurred also stimulated consumption in foreign countries somewhat so that at present preliminary estimates indicate the world consumption of American cotton in 1932-33 was around 14,000,000 bales. This represents an increase of about 13.8 percent over the 12,300,000 bales consumed in 1931-32, and compares with 10,900,000 bales in 1930-31 and 13,000,000 bales in 1929-30.

Great Britain

During July Great Britain exported 154,700,000 square yards of cotton cloth which was 13,100,000 square yards or 9.3 percent larger than the June exports, but was the smallest for the month of July for many years. Due to the rather large exports during the middle of the season the total exports for the 12 months ended July 31, 1933 amounted to slightly more than those during 1931-32 and considerably more than those of 1930-31. The 1932-33 exports amounted to 2,089,700,000 square yards compared with 2,037,500,000 square yards in 1931-32 and 1,746,600,000 in 1930-31.

So far the new preferential Indian tariff has not resulted in any material improvement in British exports of piece goods, although it has probably been a factor in the decline in exports of cloth from Japan.

Mill activity in Great Britain is apparently running above a year ago, although commercial reports indicate that sales in recent weeks have been running below production.

Continental Europe 1/

The improvement previously noted in the continental European cotton textile situation was maintained during July although toward the end of the month a slight recession in business occurred in central Europe. The sharp decline in raw cotton prices which occured during the second half of July created a cautious attitude toward new business both on the raw cotton market and on the markets for yarns and fabrics.

Cotton spinners' new sales of cotton yarns to weavers and knitting mills were rather important during the early part of the month and showed little change as compared with June. Near the end of July Central-European spinners, particularly in Germany, were affected by the cautious attitude of buyers toward new commitments. Western Europe reported a continued high level of business in cotton yarns throughout the month of July, and Italy seems to have experienced a slight improvement compared with the more pessimistic reports received for May and June. New business of cotton weavers and of knitting mills likewise continued important during July over most of the Continent, but, as in the case of cotton yarns, Germany experienced a slight recession in sales of fabrics toward the end of the month.

The favorable level of business activity maintained in most branches of the cotton industry during the month of July, as well as the encouraging level of unfilled orders on hand permitted a satisfactory rate of mill occupation in Germany as well as in western Europe. Mill activity in other Central-European countries, although slightly improved, remained on a rather low level, and Italy showed little change as compared with the month of June.

1/ Based largely on a report from Assistant Agricultural Commissioner Donald F. Christy, at Berlin, Germany prepared August 8, supplemented by cable August 18.

Spinner buying of raw cotton during July was of moderate volume, and during the second half of the month spinners showed a certain hesitancy toward new commitments, largely because of the price declines on the American markets. Price-fixing was significant on all setbacks. As usual C.I.F. import buying by continental merchants during July moved closely in line with spinners' purchases.

Germany

Favorable business activity was reported for the month of July from all German cotton textile centres, though slight declines were evident toward the end of the month. Mill activity remained fairly high in all branches of the industry though cloth sales were smaller and some spinners reported reduced sales of yarn during July.

The complete spinner report for the month of June indicates that during that month yarn business continued satisfactory. Western and southern Germany, however, reported slight declines in new sales of yarn during the second half of June and, consequently, a slightly reduced total for the entire month as compared with May. Three-cylinder spinners in Saxony, however, experienced an active demand for cotton yarn throughout June and total sales for the month were larger than in May. At the same time it was reported that the demand centred on weaving yarns, whereas yarns for hosiery mills were less in demand because of increased difficulties encountered in exporting the manufactured products.

For the month of June, German weavers in most sections reported a continuance of the improvement experienced in May. In places, however, buyers were hesitant. Occupation remained unchanged because of sufficient old orders on hand. Foreign competition in the case of weavings was less active, as a result of the difficulties in procuring foreign exchange for import purposes.

Because of the prolonged agitation of German cotton spinners for increased protection of the home market against foreign, notably British, competition, German import duties on cotton yarns were increased effective August 2, 1933. The increases amount to roughly 100 percent of the previous tariff. Only the finest counts of yarn are exempt from the duty increase because Germany's production of these is almost negligible.

In connection with this tariff increase the German Cotton Spinners' Associations are attempting to organize a yarn price cartel in order to improve yarn prices, which are no longer disturbed by foreign competition. It is still doubtful whether the cartel will actually be organized because it can only be effective if the spinner-weavers, who produce the yarn needed for their own requirements, are also prepared to acquiesce. It is feared that a price rise at this time would be detrimental to the interests of weavers.

Spinner buying at Bremen was quiet and only of moderate extent during the month of July. Price-fixing, however, was important on all setbacks in the market.

Bremen statistics on stocks, receipts and forwardings during the past three seasons show that a significant increase in forwardings took place in 1932-33 as compared with 1931-32. This, of course, is indicative of the improvement in spinner occupation in those countries which draw most of their cotton from Bremen, namely Germany, Austria and Czechoslovakia. Compared to the previous season Bremen receipts in 1932-33 increased to a greater extent than did forwardings, and a considerable increase in Bremen raw cotton stocks resulted. The following table shows these developments.

Bremen Market Statistics

Item	1930-31	1931-32	1932-33
	Running bales	Running bales	Running bales
Stocks Aug. 1	260,459	357,320	314,295
Receipts	1,775,912	1,597,835	1,948,079
Total supply	2,036,371	1,955,155	2,262,374
Forwardings	1/ 1,679,051	1,640,860	1,766,274
Stocks July 31	357,320	314,295	496,100

1/ Figure corrected from 1,683,504, because of small discrepancy in data on stocks.

Czechoslovakia and Austria

The latest report of the National Bank at Prague, referring to the month of June and to the first half of July, indicated a slight revival in business and occupation of Czechoslovakia cotton spinners, but it is doubtful whether this revival will continue. In confirmation of this, other statements mention an increase in the average working time in the Bohemian textile centres. Mill activity, on the other hand, is still quite low, both in the case of spinners and weavers. The latter, however, have booked some export orders for western Europe.

Members of the Czechoslovakian Spinners' Cartel fixed the contingent of their production for the months of July and August 1933 at 55 percent of capacity.

Around the middle of July, the Austrian cotton textile industry was reported to be operating at about 50 percent of normal capacity. Exports of cotton yarn and cotton goods during the first several months of the current year increased slightly due to the completion of trade contingent agreements with Hungary, Yugoslavia, and Lithuania. According to the Austrian Institute of Economic Research, unfilled orders in cotton spinning mills gradually increased from the first of the year to the end of April, but experienced a decline in May. Cotton yarn production as well as production of cotton fabrics showed a considerable increase in May, according to the same source. Nevertheless, May production figures remained much below those of a year ago.

France

Maintenance of the favorable tendencies in new business and occupation reported for previous months was stressed in reports received from French textile centres for the month of July.

During the first half of the month a rather active business in cotton yarn and cotton fabrics was reported from all sections, with spinners and weavers well supplied with unfilled orders. During the second half of the month sales of cotton yarn and cotton fabrics remained large, although a certain amount of caution was exhibited by buyers, as a result of the uncertain tendencies in the raw cotton market.

Mill activity of spinners and weavers remained high and may have further increased in July as compared with June. Spinners at Roubaix-Tourcoing were reported to be working 48 hours a week, and some were using double shifts.

Italy

The situation in regard to business and occupation in Italy during July was practically unchanged, as compared with June, but some slight improvement from previous low levels appears to have taken place.

Recent ministerial decrees impose an import permit tax, or even prohibition, on goods from such countries as have erected severe import barriers against Italian goods. It is reported that imports of cotton yarns from France into Italy will be affected.

Poland

Recent reports from Poland indicate that no significant changes in business and mill occupation have taken place since May. Various attempts toward stronger organization of the industry are again reported. Thus, for instance, several important cotton spinners are planning to erect a joint selling organization for cotton yarns of high counts (manufactured from Egyptian cotton). A price agreement has already been in effect between these firms since July, and their collaboration is supposed to be directed against imports from England. Another effort toward cooperation is the intention of the manufacturers of stockings to organize a cartel. This plan is said to have the approval of most of the manufacturers concerned.

Soviet Russia

The production plan for the first half of 1933 has been fully executed both for cotton yarn and cotton fabrics, according to Soviet reports. Compared with the same period in 1932, production of cotton fabrics was 63,400,000 yards higher. Although labor efficiency is reported to have improved as compared with a year ago, other reports speak of high production costs, with excessive waste in the manufacturing of raw material apparently an important factor.

Japan 1/

Yarn production in Japan during July amounted to 249,000 bales of approximately 400 pounds which is only slightly below the record or near-record levels of the previous 3 months. In July last year yarn production in Japan amounted to 230,000 bales which at that time was the largest amount ever produced during the month of July. The production in July this year, therefore, was by far the largest amount ever produced during July. The total yarn production for the 1932-33 season amounted to 2,932,000 bales which compares with 2,760,000 bales in 1931-32 which was, up to that time, the largest amount ever produced in one season. Japanese consumption of raw cotton in 1932-33 was the largest on record, therefore, but the proportion of American cotton being used during the latter part of the season was smaller than during the last part of 1931-32 and the first part of 1932-33.

The Japanese mills continued very active and piece goods production during June and July ere the largest for those months on record. Yarn stocks, therefore, at the end of July were low. Although exports of cotton cloth from Japan during the last half of the season was considerably lower than during the first half, and July exports were 17.4 percent below those of May the Japanese mills continue producing at almost record levels. It is said that the Japanese manufacturers believe that other markets in Latin America and the Near East can be developed to offset the loss of sales to India growing out of the increased tariff imposed in June on non-British goods.

Imports of Indian cotton into Japan during July were large due to the eagerness of Indian cotton merchants to compete their forward contracts made several months ago due to the fear of the boycott movement in Japan which grew out of India's preferential tariff. Since the end of July there has been a sharp decline in the imports of Indian cotton. It is expected that beginning in September the imports of Indian cotton will be very small. The length of the duration of the boycott depends upon the outcome of the conference between Japanese, Indian, and British representatives. The continuation of the boycott against Indian cotton for several months would probably result in larger imports of American cotton, particularly if Japan is able to find new markets for her manufactured products, thereby enabling her to keep operating at a high level. It seems likely that the greatest increase in imports of American to substitute for Indian will be in the lower grades and shorter staples.

China

The Chinese Cotton Mill Owners' Association reported the mill consumption of American cotton in China during the first 6 months of 1933 at 291,000 bales which compares with 457,000 bales reported for the previous 6 months, 451,000 bales during the first half of last year and 198,000 bales in the first half of 1931. The total consumption of American for the year ended June 30, 1933 was reported at 748,000 bales compared with 883,000 bales in 1931-32 and 362,000 bales in 1930-31. The average for the 5 years prior to 1931-32 was 301,000 bales per season. There is some evidence that the reported consumption of American cotton in China during the past two seasons was somewhat too high; however, we have no entirely adequate means of

1/ Based largely on a report by Vice Consul McConaughy at Kobe.

checking the Mill Owners' figures. In the absence of any substantially better figures on consumption in China we feel it advisable to continue using their estimates.

The estimated consumption of Indian cotton for the first half of 1933 amounted to 78,000 bales compared with 93,000 bales the previous 6 months, 111,000 bales during the first half of 1932 and was much smaller than during any 6 months period on record. The total consumption of Indian cotton in 1932-33 was 171,000 bales compared with 421,000 bales in 1931-32 and an average during the past 5 years of 422,000 bales.

While the consumption of both Indian and American showed a decline during the past season as compared with the previous season, consumption of Chinese cotton increased more than 700,000 bales, the total for the year being reported at 1,846,000 bales. This was the largest amount of Chinese cotton ever reported consumed in China and accounted for the fact that the total figure for all cotton was the largest on record. The total consumption was reported at 2,584,000 bales for the 1932-33 season compared with 2,254,000 bales in the previous 12 months and the previous record mill consumption of 2,329,000 bales reported for 1930-31.

Acreage, Production, and Crop Conditions

United States

The condition of the domestic crop on August 1 indicated a yield per acre of 198.4 pounds per acre compared with a 10-year average of 167.4 pounds, according to the Crop Reporting Board in their release of August 8. This yield on an indicated area for harvest of 29,704,000 acres would give a crop of about 12,314,000 bales of 478 pounds net or 500 pounds gross. The indicated area for harvest was derived by deducting the 10,504,000 acres, which the Agricultural Adjustment Administration reported would probably be removed under their program, and the 10-year average abandonment on the acreage not under contract. It was also estimated that the potential crop, had there been no cotton adjustment program, was indicated to have been 16,561,000 bales. The indicated crop of 12,314,000 bales compares with a production of 13,002,000 bales in 1932, 17,095,000 bales in 1931, and is smaller than any crop since 1923-24.

The indicated yield per acre for this year is about 18 percent higher than the 10-year average and is the highest since 1914, with the exception of the 211.5 pounds yield of 1931. The indicated yields are particularly large in the Southeastern States. The indicated yield in North Carolina is the largest since 1926, in South Carolina it is the largest since 1920-21, in Georgia the largest since 1914, and in Alabama the indicated yield of 220 pounds per acre is equal to the largest yield on record for that State, which was made in 1914. The indicated yield per acre in Texas is less than in 1932 or 1931, but is still considerably above the 10-year average.

China

The Chinese Cotton Statistics Association has recently released a forecast of the 1933-34 Chinese cotton crop placing the indicated crop at 2,994,000 bales or an increase of 32 percent over their estimate of 1932-33. This association is apparently a new organization composed of essentially the same group which formerly made the estimates released by the Chinese Cotton Mill Owners' Association. Their forecast was based on conditions up to July 25 and on an acreage estimate of 5,945,000 acres or an increase of 5.6 percent over that of 1932-33. In transmitting this estimate, Agricultural Commissioner Dawson at Shanghai stated that the reports received in his office up to mid-July made it seem doubtful that the 1933-34 crop in China would be more than 15 or 20 percent larger than in 1932-33. The fact that this estimate seems too large in comparison with the estimates for previous years is also indicated by a report received by the Department of State from one of their representatives at Tientsin. He stated that the crop in North China was expected by cotton dealers in Tientsin to be materially lower than last year. It is also recalled that last year's forecast of the crop, released in August, indicated a crop of more than 3,000,000 bales, whereas they are now carrying an estimate of only 2,261,000 bales. It is felt, therefore, that perhaps a figure of around 2,600,000 bales may more nearly represent what this year's crop will be relative to the figures used for earlier years.

India

The area planted to cotton in India up to August 1 this year was estimated by the Department of Statistics at Calcutta at 14,031,000 acres. This compares with a revised estimate of plantings to August 1 last year of 13,413,000 acres or an increase of 46 percent and with 13,938,000 acres planted to August 1, 1931. A recent report from Vice Consul Paul C. Hutton, Jr., at Bombay, India states that up to mid-July there had been a severe shortage of rainfall in many of the important cotton growing regions of India, and that low yields may result, although it is still too early to draw any definite conclusions about yields. The first official production estimate for India is not released until mid-December.

Egypt

No additional information has been received on the Egyptian crop during the past month. As stated a month ago the Egyptian acreage has been officially estimated at 1,873,000 acres, or 65 percent larger than in 1932-33, but is only 7 percent above the 1931 acreage and is 13 percent less than the 1930 acreage. (See World Cotton Prospects, July 26,1933)

Brazil

The 1933-34 Brazilian crop has been officially forecast at about 650,000 bales of 478 pounds compared with a 5-year average of about 500,000 bales. Last year due to a smaller acreage and low yields resulting from a severe drought the crop amounted to about 350,000 bales. The Brazilian acreage has been estimated at about one-third more than in 1932-33.

Mexico

The Mexican Government has forecast the 1933-34 Mexican cotton crop at 223,000 bales of 478 pounds from an area estimated at 421,000 acres. Last year the crop was apparently around 95,000 bales from the smallest area in many years, 188,000 acres. The average production during the past 5 years was about 200,000 bales from an area of approximately 380,000 acres with an average yield of 256 pounds per acre. The forecasted yield for this season is 254 pounds per acre.

Russia

As has generally been the case during past campaigns, the progress of cotton cultivation this year leaves much to be desired. The first cultivation of cotton was completed on practically the entire sown acreage, although apparently not always at the most desirable time. However, the second an particularly the third cultivation was much less satisfactory. Such important cotton producing regions as the Republics of Middle Asia and Kasakstan report only 66 to 85 percent of the acreage worked up for the second time up to July 15. The new cotton regions, North Caucasus, Ukraine, Crimea, are even more backward and in addition report a great abundance of weeds.

The insufficient use or lack of machines as well as an unsatisfactory policy of distributing advance payments among members of collectives are reported to be the chief reasons for the slow cultivation.

Other unfavorable factors affecting cotton cultivation are the reported difficulties in artificial irrigation. The late spring this year caused a delay in the thawing of snow, and this resulted in a shortage of water. It is reported that this shortage as well as inefficient distribution of the available water supplies have already caused some drying-up of cotton fields.

Reports on present crop prospects are very meagre which, coupled with the lack of any estimates on the 1933 cotton acreage planted, leave considerable uncertainty as to the probable outturn this year. The plan for the 1933 acreage was fixed at about 5,100,000 acres. Last year the plan called for 6,075,000 acres, but latest reports indicate that only 5,360,000 acres were actually cultivated.

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September 29, 1933

WORLD COTTON PROSPECTS

Summary

The world carry-over of American cotton on August 1, is estimated at 11,597,000 bales, according to the Bureau of Agricultural Economics. This compares with total stocks of 12,961,000 bales on August 1 last year. This amount is much smaller than was expected a few months ago and somewhat smaller than was expected until the world consumption and mill stocks figures became available during the first part of September. This year's carry-over figure, while 1,364,000 bales less than a year earlier, is still much larger than any other year on record.

The world consumption of American cotton in the 1932-33 season was reported by the International Federation at 14,167,000 running bales compared with 12,316,000 bales in 1931-32 and was 3,259,000 bales larger than consumption in 1930-31. World mill consumption of all cotton showed a material increase over 1931-32, the total being reported at 24,332,000 running bales which compared with 22,319,000 bales in 1931-32. This was the largest total mill consumption since 1929-30. The increase of 1,851,000 bales in the consumption of American cotton from 1931-32 to 1932-33 accounted for most of the increase in the consumption of all cotton. Although consumption of sundries growths increased 794,000 bales over the previous season this gain was almost offset by a decline of 588,000 bales in Indian and 44,000 bales in Egyptian.

While domestic mills have been operating at record or near-record levels during the past 3 months stocks of cotton goods at mills have shown little tendency to accumulate, the heavy output having been shipped

into distributing channels. A recent study made by the Bureau indicates that the establishments engaged in the manufacture of garments and other secondary textile products have absorbed large quantities of cotton textile materials because of their extremely high level of output as compared with earlier months. However, sales and shipments of the finished products from establishments have been large and their stocks of garments and other products had in some instances even decreased up to August. The indications were from data up to August that wholesale and retail stocks of cotton goods were not large although probably considerably larger than during the early part of 1933.

Prices

On August 16 spot cotton in the ten designated markets averaged 8.32 cents per pound but on the following day jumped to 8.97 cents and remained around 9 cents until September 5 when the average dropped to 8.61 cents. By September 9 the ten markets averaged only 8.34 cents but by September 19 prices in these markets had advanced to 10.00 cents, the highest level recorded since August 3. This advance was no doubt largely a result of the inflation talk and the further depreciation of the dollar and possibly the belief by traders that the Administration would soon make some further effort to put farm prices on a higher level. The sharp advance was followed by a marked decline which in 2 days amounted to 0.80 cents, the average of the ten markets having declined to 9.20 cents by September 21. On September 25 the price in these markets averaged 9.69 cents per pound.

Due to the decline in the gold value of the dollar the prices in the ten spot markets which averaged 9.60 cents, terms of the dollar, during the week ended September 23, averaged only 6.26 cents in terms of gold. During the week ended September 9 the gold value of Middling 7/8 inch cotton in the designated markets averaged 6.05 cents and during the week ended July 1 averaged 8.06 cents which was the highest weekly average in terms of gold since the first part of September last year. The average gold value of domestic cotton for the week ended September 23 was about the same as the average price during last March and slightly higher than the average of 5.85 cents during February. During September last year domestic prices averaged almost 7$\frac{1}{2}$ cents per pound in terms of gold.

At Liverpool prices of American cotton relative to Indian did not change greatly during the 3 weeks ended September 8. During these weeks, however, prices of American are higher relative to Indian than for more than 2 years and were about the same relatively as during the 10 years 1922-23 to 1931-32.

Stocks and Movements

World stocks (carry-over) on July 31

Due to the surprisingly heavy world consumption of cotton, particularly American, during the last part of the 1932-33 season the world stocks (or the carry-over) at the end of the season were considerably less than had been expected. The record domestic consumption toward the end of the season and the increased consumption in foreign countries resulted in a world consumption of American cotton, as reported by the International Federation, of 14,167,000 bales, whereas 2 or 3 months before the end of the season many expected that world consumption would be only slightly above 13,500,000 bales. Even after it became known what domestic consumption for the season had amounted to, estimates of the world consumption were still 200,000 to 300,000 bales less than the figure reported.

As shown in the accompanying table the total world carry-over of American cotton on July 31, this year, amounted to 11,597,000 running bales, which is 1,364,000 bales less than a year earlier but was still more than twice as large as the average during the 10 years, 1922 to 1931, and the second largest on record. A short time ago it was expected that the carry-over would be around 12,000,000 bales. The greatest decrease in the stocks of American occurred in the stocks in public storage and at compresses in the United States where there was a decline from a year earlier of almost 1,000,000 bales. Cotton stocks "elsewhere" in the United States, which includes cotton on farms; on shipboard for export but not cleared; cotton coastwise; and cotton in transit, were almost 700,000 bales below those of a year earlier. Stocks at ports and afloat for Europe, however, were considerably larger than at the end of July last year.

Stocks of Indian cotton at specified locations, not including stocks in the interior of India, showed an increase over last year's small stocks of 865,000 running bales. (See Table 2.) Unfortunately it is impossible to get stocks in the interior of any of the producing countries other than the United States. If the size of the stocks of cotton in the interior of India were known or,in other words,if data on the total carry-over of Indian were available it is probable that they would show variations from year to year considerably different from those shown by the stocks at specified locations. However, in the absence of complete stocks figures, the stocks at specified localities are used as the carry-over for the purpose of roughly determining the variations in supplies. While stocks of Indian were much larger than at the beginning of last season they were only slightly larger than at the end of July 1931, and were smaller than the 3 years prior to 1931. The increase in the carry-over of Indian cotton this year is accounted for by the increase in the 1932-33 crop and a decrease in the world consumption.

Stocks of Egyptian cotton on July 31 this year, were about 250,000 bales less than a year earlier and the smallest since 1929. The Egyptian crop in 1932-33, it will be remembered, was the smallest since 1921-22. Due to the larger Chinese crop, the carry-over of sundries cottons increased somewhat despite a 19 percent increase in the world consumption of sundries.

The total world carry-over of all cotton in running bales amounted to 16,444,000 bales compared with 17,086,000 bales at the end of July 1932. At the end of July 1931 stocks of all cotton at specified locations totaled 13,905,000 running bales. Prior to last year the largest stocks of all cotton on record were those of 1921 when the total amounted to 14,159,000 bales.

Table 1.- Cotton: American, stocks (carry-over) by kinds, at specified locations and total, end of July, 1921 - 1933

End of July each year	American											
	At mills			In public storage in United States	Elsewhere in United States 1/	At ports			Afloat for		At ports and afloat for Japan & China	Total stocks (carry-over)
	In United States	Outside United States	Total			Great Britain	Continent		Great Britain	Continent		
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales		1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1921	1,021	1,144	2,165	3,640	1,700	750	498		90	307	243	9,393
1922	1,127	1,251	2,378	1,413	125	505	442		53	120	126	5,162
1923	975	716	1,691	868	230	161	112		9	108	75	3,304
1924	638	691	1,329	641	160	200	194		28	116	37	2,705
1925	737	1,046	1,833	487	230	381	349		19	124	63	3,386
1926	1,010	959	1,969	1,893	510	557	272		22	134	133	5,495
1927	1,325	1,731	3,056	1,803	535	954	790		26	234	298	7,696
1928	935	1,181	2,116	1,156	335	486	616		26	200	179	5,114
1929	932	1,197	2,129	923	275	419	411		17	140	183	4,497
1930	1,046	937	1,983	2,804	470	294	407		15	102	210	6,287
1931	922	950	1,872	4,491	850	426	691		10	75	453	8,868
1932	1,163	1,379	2,542	6,657	1,760	352	592		63	137	858	12,961
1933 2/	1,299	1,266	2,565	5,704	1,080	456	822		80	236	654	11,597

Division of Statistical and Historical Research.
Stocks in United States compiled from reports of the Bureau of the Census.
Mill stocks outside United States from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
Stocks at ports and afloat for Great Britain and the Continent from the Liverpool Cotton Association Weekly Circular.
Stocks at ports for Japan and China are from reports of the F. S. Morse Company and of the Japan Cotton Merchants' Union, and stocks afloat for Japan and China were estimated from exports.
1/ Includes cotton for export, on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; cotton on farms, etc.
2/ Preliminary.

Table 2.-

Cotton: Stocks 1/ (carry-over) by kinds, at end of July, 1921-1933

End of July each year	American	Indian	Egyptian	Sundries	Total foreign	Total all kinds
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1921	9,393	3,310	641	815	4,766	14,159
1922	5,162	3,219	640	1,039	4,898	10,060
1923	3,304	2,655	566	611	3,832	7,136
1924	2,705	2,623	347	740	3,710	6,415
1925	3,386	2,673	329	1,049	4,051	7,437
1926	5,495	2,584	529	1,316	4,429	9,924
1927	7,696	2,559	664	1,096	4,299	11,995
1928	5,114	3,461	488	1,155	5,104	10,218
1929	4,497	3,392	605	1,293	5,290	9,787
1930	6,287	3,203	862	1,277	5,342	11,629
1931	8,868	2,828	944	1,265	5,037	13,905
1932	12,961	2,107	907	1,111	4,125	17,086
1933 2/	11,597	2,972	659	1,216	4,847	16,444

Division of Statistical and Historical Research. Compiled from reports of the Bureau of the Census, International Federation of Master Cotton Spinners' and Manufacturers' Association, Liverpool Cotton Exchange Weekly Circulars, Commercial and Financial Chronicle, and other official and reliable sources.

1/ Stocks at specified locations. With the exception of American cotton these stocks do not constitute a total carry-over since they omit stocks in the interior of the producing countries other than reported mill stocks, but they include information regularly available on carry-over and are used as such.

2/ Preliminary.

World supply of American cotton in 1933-34

With the conditions as of September indicating a domestic crop of 12,414,000 bales of 478 pounds, and the world carry-over of American cotton placed at 11,597,000 running bales, the present indications are that the world supply of American cotton during the 1933-34 season will be around 24,011,000 bales as compared with 25,965,000 bales in 1932-33, 25,964,000 bales in 1931-32, and a 10-year average 1921-22 to 1930-31 of 5,304,000 bales. The indicated total supply of American for this season is 69 percent above last season's world consumption, almost twice as large as world consumption in 1931-32, and 80 percent larger than the average consumption during the 10 years 1921-22 to 1930-31.

The decrease in the prospective world supply as compared with last year is accounted for by the decrease of almost 600,000 bales in the indicated crop and a decline, as pointed out above, of 1,364,000 bales in the world carry-over.

Exports of American cotton

Domestic exports during August amounted to 531,000 running bales compared with 452,000 running bales during August 1932 and 211,000 in August 1931. August was the second consecutive month in which exports were the largest, for corresponding months on record. As compared with exports during August last year shipments to the United Kingdom and Japan were the largest increase. Exports to France, Italy, Germany and Spain were all smaller than exports during August 1932. In case of exports to both the United Kingdom and Japan they were almost twice as large in August this year as in August of last year, although the movements during August last year were perhaps the largest for the month on record.

Exports of Egyptian and Indian cotton

From August 1 to September 14 this year total exports of Indian cotton amounted to 181,000 bales of approximately 400 pounds, according to data from the Commercial and Financial Chronicle. While this was 40,000 bales larger than in the corresponding period last season it was 109,000 bales less than in the like period of 1931-32. The increase as compared with last season was accounted for by the increase in exports to Europe, exports there more than off-setting the decline in shipments to Japan and China.

The Japanese boycott of Indian cotton, because of the increase in the Indian tariff on non-British piece goods, no doubt accounts for the fact that exports from India to Japan and China as reported by the Chronicle were only a little over one-third as large as during the first 6 weeks of 1932-33 and only 16 percent as large as in the like period of 1931-32.

Exports of Egyptian cotton during the first 6 weeks of this season amounted to 71,000 bales of approximately 750 pounds, which compares with 67,000 bales from August 1 to September 13, last year, and 105,000 bales in the like period of 1931-32. Exports to both Great Britain and the United States were larger than in the first part of last season, while exports to the Continent and India combined were slightly below the early part of 1932-33.

Textile Situation

World consumption

During the last half of 1932-33 total world mill consumption of all cotton amounted to 12,450,000 running bales, according to the report of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. This was the largest consumption for any half-year period since the first half of 1929-30, and was 1,656,000 bales, or 15 percent, above the last half of 1931-32, and the largest for the corresponding period since 1928-29. World consumption of American cotton during the last half of 1932-33 amounted to 7,320,000 bales, which was 58.8 percent of the total number of bales of all cotton consumed. During the preceding half of the year, American cotton consumption amounted to 57.6 percent of the total, and in the last half of 1931-32 amounted to 57.5 percent of the total. Consumption of American in the last of 1932-33 represented the largest portion of the total for any half year period since the first half of 1928-29. Total

consumption of Indian, Egyptian and sundries cotton in the last half of the past season was not greatly different from the preceding half year, although the consumption of Indian and sundries growths showed considerable increases over the last half of 1931-32. Consumption of sundries, which during the half year period amounted to 2,515,000 bales, was almost 400,000 bales above the like period of the previous season.

The total world consumption of all growths for the entire season was reported at 24,332,000 bales, which was an increase of 2,013,000 bales or 9 percent over that of 1931-32, and was the highest since 1929-30. The increase in consumption of American cotton, which amounted to 1,851,000 bales, accounted for practically all of the increase in the total consumption of all growths. While consumption of sundries cotton increased 794,000 bales over the previous season, this gain was largely offset by the decline of 588,000 bales in the consumption of Indian and 44,000 bales of Egyptian. The 1932-33 consumption of American cotton was placed at 14,167,000 running bales, which represented an increase of 3,259,000 bales over the low level reached in 1930-31, and was the largest since 1928-29, when the world consumption was reported at 15,076,000 bales. The 4,200,000 bales of Indian cotton consumed during the past season was the smallest ever recorded, comparable reports being available back to 1920-21. The world used 936,000 bales of Egyptian cotton in 1932-33 compared with 980,000 bales during the previous season, and 853,000 in 1930-31. The 5,029,000 bales of sundries cotton consumed in 1932-33 was 19 percent larger than in the previous season and only 133,000 bales below the record consumption of 1929-30. The heavy consumption of Chinese cotton in China almost entirely accounts for the total increase in the sundries.

United States

While the total domestic consumption of all cotton in August, amounting to 589,000 bales, was almost as large as in July there were fewer working days in July than in August and there was considerable decline in the daily rate of consumption. As compared with August last year, domestic consumption showed an increase of 46 percent. The August consumption this year was the second largest on record for the month; consumption in August, with the exception of 1927, having never before exceeded 569,000 bales.

While domestic mills during the past 3 months have been operating at record or near record levels, stocks of cotton goods at mills up to the end of July at least showed little tendency to accumulate, the heavy output having been shipped into distributing channels. A recent study made by this Bureau, indicates that the establishments engaged in the manufacture of garments and other secondary textile products had on hand large quantities of cotton textile materials in recent months because of their extremely high level of output. However, sales and shipments of the finished garments and other products produced in these establishments have been large and their stocks of finished products had in some instances even decreased up to the end of July. While retail and wholesale purchases of cotton goods from manufacturers were large during May, June and July, the indications are that up to the end of July increased retail and wholesale sales tended to keep stocks from becoming burdensome, although they have probably increased considerably over the low levels of the early part of 1933, particularly in wholesale establishments.

Great Britain

English spinners and weavers have, according to trade reports, experienced rather small sales of cotton textiles and the indications are that sales have been below production. As a result of the decline in new business, British mills have apparently decreased activity somewhat since July. However, cotton consumption in Great Britain during August was probably larger than a year earlier.

Exports of piece goods from Great Britain during August amounted to 149,000,000 square yards compared with 155,000,000 in July and 181,000,000 in August of last year. So far the increased Indian tariff on non-British piece goods has not resulted in increased sales of British piece goods to India. However, without the increase in tariff, sales of British piece goods might have been even smaller.

Continental Europe 1/

New business of the continental European cotton textile industry was seasonally quiet during August though mill activity was well maintained by previously booked orders. In general, the situation was considered satisfactory though business was undoubtedly disturbed by the renewed decline in raw cotton prices.

In Germany and France, spinner sales of cotton yarn continued reasonably satisfactory but the seasonal decline was clearly apparent. Yarn business in other countries was for the most part quiet. Spinning mill activity continued at about July levels although some local declines were reported from France. Few sales by weaving mills were seasonally slow throughout the Continent, but the industry is hopeful for the development of business in winter goods. Weaving mill activity was well maintained as orders on hand are sufficient to keep the mills occupied at the present rate of activity until late fall, and in parts of France even to the end of the year.

Spinner buying of raw cotton during August was restricted but the declines in the raw market stimulated price fixing on previous contracts. C. i. f. import buying by merchants was also small though some pickup was noted toward the end of the month.

Germany

Business and occupation of the German cotton textile mills during August continued fairly satisfactory, although sales declined considerably toward the end of the month. The industry was optimistic concerning the outlook for winter business, however. There was considerable interest in cotton fabrics at the Leipzig Fair, and recent indications are that an increase in retail sales has utilized some of the increased production which occurred during recent months. The increased import tariff on cotton yarns has influenced the business of spinners favorably. Weavers, on the other hand, especially those interested in exports, fear that their business will be injured by the increased costs of yarn or by the exclusion of foreign qualities which they are accustomed to buying.

1/ Based largely on a report prepared by Assistant Agricultural Commissioner Donald F. Christy at Berlin, Germany, dated September 5, 1933 supplemented by cable on September 14.

Negotiations for the establishment of a price cartel continue though no concrete results have yet been reported. The problem of getting spinner-weavers into the agreement, is apparently quite difficult.

The detailed cotton spinners report for July indicated wide sectional differences in the yarn business. Yarn sales in southern Germany and Westfalia declined from the high levels shown at the beginning of the month. The calling on old contracts continued strong, however, and mill activity was maintained at about June levels. In contrast to the above, an active new business was reported from Saxony and the Left of the Rhine throughout July. Two-cylinder spinners (coarse counts) continued on restricted occupation, but fine spinning mills at the end of July reported increased sales, as a result of the higher yarn import tariff. Sales by cotton weavers showed the usual seasonal decline during July. Occupation remained satisfactory, with sufficient unfilled orders on hand to assure satisfactory activity until well in the fall.

The export situation of weavers is very unfavorable, due not only to the spinners' policy calling for higher yarn prices, but also to the depreciation of the dollar.

Spinner buying of raw cotton at Bremen was quiet during August though a slight improvement occurred toward the end of the month. The fall in raw cotton prices hampered business, but also permitted increased fixations.

Czechoslovakia and Austria

According to the latest report of the Czechoslovakian National Bank the occupation of the textile industry continues unsatisfactory. Exports are extremely difficult, and the domestic price level is very unsatisfactory because of the competition among mills unable to find an export market for their products. The recent improvement noted in some localities is based on short term orders and, therefore, lacks stability. An exception to this is business in knitted goods and stockings, sales of which have recently shown a substantial increase.

Some improvement in the sale of cotton yarn and cotton fabrics as well, as in the activity of mills, occurred in Austria. Basically, however, the situation continues unsatisfactory.

France

Seasonal quietness in cotton mill business was reported from France during August. Despite some local declines mill activity was maintained on a rather satisfactory level.

Reports from most centres indicate that spinner sales of cotton yarn were rendered rather difficult by the declines in the raw cotton market. Cotton weavers also complained that the decline in raw cotton prices lessened the buying interest of their customers. Despite recent unfavorable reports from some of the French textile centres, conditions must be considered satisfactory as old orders on hand are sufficient to last well into the winter.

Italy

Reports from Italy for the month of August are not available, but indications are that there has been little change as compared with previous months. The mill activity of both spinners and weavers has been slowly but steadily increasing since early in the year, and present activity is now about 15 percent above that of the same time a year ago.

China

The cotton textile situation in China in recent weeks has in general been uncertain, according to a radiogram from Agricultural Commissioner Dawson at Shanghai on September 15. However, he reported that the recent unprofitable yarn and cloth market was being relieved by a slight improvement in yarn prices and that there was a more hopeful seasonal tone. Consumption of American cotton continued to decline because of the more favorable prices of native cotton and the continued small demand for cotton textiles and the large stocks of yarn now on hand.

Mill activity during the early part of September was said to have been about 60 percent of capacity in the Chinese owned mills and 75 percent in the Japanese section. In early July it was estimated that the Chinese cotton section was operating at 70 percent of capacity and in June at 85 percent. The Japanese mills have apparently shown little change in activity since early July, but in June they were operating around 80 percent of capacity.

During the last half of August yarn prices in China declined to the lowest level on record, but the low prices may have been a factor in the slight improvement in demand and an accompanying increase in yarn prices during the first part of September. The piece goods market also showed a slight seasonal improvement recently although orders placed for future delivery were negligible.

Japan

Yarn production in Japan continued at very high levels during August. The 253,000 bales of yarn produced was almost equal to the record production of a few months ago. The enforced curtailment rate for spinning mills in August remained stationary at 27.6 percent. This rate has apparently been maintained for some time. At any rate, yarn production has shown very little variation since the beginning of 1933. During the 8 months ended August, yarn production has been between 246,000 bales and 258,000 bales per month, or a fluctuation of only 12,000 bales.

Despite the record or near record levels of yarn production in recent months, yarn stocks have not accumulated because cloth production has also been heavy. In June and July cloth production was the highest on record for those months. Cloth exports, on the other hand, have been lower than in previous months and in July were 15 percent below July last year. The increased Indian tariff has apparently had an effect on Japanese cloth exports.

Production, Acreage and Crop Conditions

United States

The September estimate of the Crop Reporting Board placed the indicated production in the United States at 12,414,000 bales or 100,000 bales more than was indicated by conditions up to August 1. The indicated yield per acre on September 1 was 197.8 pounds or practically the same as the indicated yield a month earlier, though the indicated yields increased in the western part of the Belt and decreased in the eastern part. The indicated acreage for harvest, however, was greater than estimated on August 1 despite the increase in the amount removed from production through the activities of the Agricultural Adjustment Administration. This was due to the fact that the estimated abandonment on the acreage not contracted was placed at 1.2 percent, which was considerably less than the 10-year average abandonment used in the estimate as of August 1.

Should the 1933 crop prove to be around 12,400,000 bales, as indicated by conditions of September 1, it would be about 600,000 bales less than the 1932 crop and the smallest since 1923. The average production during the last 5 years amounted to 14,666,000 bales.

China

On September 15 Agricultural Commissioner Dawson at Shanghai sent a radiogram stating that weather conditions during the previous 2 weeks had been favorable to the growing crop and that the cotton trade in Shanghai believed that the large crop was almost assured. Mr. Dawson is still of the opinion that the 1933-34 Chinese crop will probably be 15 to 20 percent larger than the 1932-33 crop. The cotton acreage in China was previously reported considerably larger than in 1932 in most regions, although some northern sections reported decreases. The chief exception to the larger crop is in the Hopei Province where the crop is reported about 20 percent below last year.

Russia

Cotton picking in the southern part of Tadjikistan began about the end of August and picking in the other sections of central Asia (Turkestan) is expected to start shortly. Although many of the fields were not properly cultivated this year, the average yields are expected to exceed the very low yields obtained last year.

Previously reported difficulties in connection with irrigation continue to be mentioned, but there has apparently been some improvement in this phase of the work.

Efforts are being made to improve the quality of the harvested cotton through more timely and efficient picking and grading. It is particularly pointed out that the mixing of American and Egyptian types must not occur again.

The Press indicates that an increased demand for cotton goods is expected as a result of increased production of cereals and technical crops. Early picking and prompt delivery to the textile factories is being urged to permit the industry to meet the expected increased demand.

Other foreign countries

Little additional information has been received on crop prospects in other foreign countries during the past month as reported in the August 31 issue of World Cotton Prospects. The acreage planted in India up till August 1 was 4.6 percent larger than a year ago and preliminary reports indicate that growing conditions have not been favorable in many regions, and that there is a possibility that yields may be below average. With the Egyptian acreage 65 percent above 1932 a considerable increase in production is expected. This year's acreage in Egypt is still considerably below that of 1930, however. The Brazilian crop is expected to be much larger than the small crop of 1932-33 and considerably larger than the average. In Mexico the crop has been forecast at 223,000 bales, which is slightly above average and more than twice as large as the very short crop of 1932-33.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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October 31, 1933

WORLD COTTON PROSPECTS

Summary

During the first 2 months of this season, total exports of American cotton were the largest for any like period in the history of domestic exports and consumption by domestic mills was almost at record levels. Exports and consumption combined resulted in a larger disappearance from the United States than for any like period in history. In September, however, domestic consumption declined 15 percent from the August levels and was 28 percent less than the peak consumption of June, but was still higher than during either of the three previous Septembers. The heavy exports so far this season are accounted for by the record exports to Japan. The fact that Japanese cotton interests have agreed not to buy Indian cotton as a protest against the 75 percent tariff on non-British goods which went into effect in June no doubt largely explains the heavy exports to Japan. Despite the high tariff in India, one of Japan's principal foreign markets for piece goods, cotton yarn production in Japan reached a new high level during September. Apparently Japan's efforts to increase her foreign markets for piece goods has met with some success for her exports of cotton cloth in August increased 16 percent over the previous month and were the largest since May 1933.

Mill activity in Great Britain so far this season has been considerably higher than a year earlier, although exports of cotton goods to foreign countries have been less. However, in September piece goods increased to the highest levels for several months, possibly reflecting an increased demand from India growing out of the reduced imports of Japanese goods. On the Continent mill activity as a whole is being maintained at levels considerably

above a year ago. In China mill activity has been increased during the past month, but is still considerably below the levels existing throughout 1932-33.

The present indications are that, due to increased foreign production and a larger carry-over of foreign cotton, the world supply of all cotton in 1933-34 will be somewhat larger than in either of the two previous seasons despite the reduction of about 1,500,000 bales in the supply of American cotton. Most of the increase in foreign countries this year represents a return to more normal production after 1 or 2 years of rather short crops. Egypt, with an expected increase of about 63 percent, will still have a crop less than in 1929-30 or 1930-31. In India the cotton trade is expecting an increase of about 14 percent, but this would still give a crop less than in 1930-31. The Brazilian crop of 1932-33 was the smallest for 14 years so that the large increase expected this year will still give a crop only about average. The same may be said in regard to the crop in Mexico.

Prices

The many uncertain factors in the general economic situation no doubt explains why cotton prices have fluctuated so much during recent weeks. During the latter part of October the fluctuation in the value of the dollar has been an important factor in the price changes. The lowest daily average in the ten markets during September was 8.34 cents, which was recorded on the 9th, but by September 19 the price in these markets averaged 10.00 cents, an advance in 10 days of 1-2/3 cents per pound. Two days later, however, prices were 3/4 cents lower, but recovered to 9-3/4 cents by September 23. From October 1 to October 26 prices in the ten markets fluctuated between 8-1/2 and 9-1/2 cents. The price of 9.38 cents on October 26 compared with an average during September of 9.19 cents, and an average in October last year of 6.37 cents. In August and September the average United States farm price of cotton of 8.8 cents per pound, which was based on prices being paid to farmers around the middle of the month, were about the same as the average prices existing in the ten markets. Around the middle of October prices in the ten markets averaged about 9 cents.

Cotton prices in the ten markets which averaged 8.88 cents per pound in currency for the week ended October 21 were equivalent to 6.24 cents in terms of gold due to the depreciation in the value of the dollar. During the third week of October 1932 domestic prices averaged 6.15 cents per pound.

At Liverpool, prices of American cotton relative to Indian have not changed materially in recent weeks. During the first 3 weeks of October the price of Indian Brooch, Oomra, and Sinde averaged 78.7 percent of the price of American middling and low middling the same percentage as in September and compares with 88.3 percent in October, 1932, and 79.8 percent during the 10 years, 1922-23 to 1931-32.

Stocks and Movement

Exports of American

During September exports of American cotton amounted to 869,000 running bales which was 18 percent larger than in September, 1932 and 56 percent larger than in 1931. For the 2 months ended September 30 total exports from the United States amounted to 1,400,000 bales which was 214,000 bales or 18 percent larger than in the corresponding period of last season, and was the largest for the corresponding period in the history of our export trade. Japan, the United Kingdom, and Italy were the only major consuming countries taking larger amounts of American cotton during the first 2 months this season than during the like period last season. Exports to Japan, however, were much larger than during any like period in the past and were more than twice as large as in August and September, 1932. There seems little doubt but that the agreement among the Japanese spinners not to buy Indian cotton is an important factor in the large exports from the United States to Japan, for as is stated below exports from India to Japan during the first part of this season have been very small. Exports to Great Britain during August and September this year were 60 percent above the like period last season. Italy took 126,000 bales of American cotton in August and September this year compared with 111,000 bales in the first 2 months of 1932-33.

Exports of Indian and Egyptian

Total exports of Indian cotton from August 1 to October 12 amounted to 253,000 running bales of approximately 400 pounds which was only slightly above the 249,000 bales exported in the like period of 1932-33 and 37 percent less than in the first 10 weeks of 1931-32. Exports to Japan and China combined amounted to only 44,000 bales from August 1 to October 13 this season, whereas in the like period last season these two countries took 125,000 bales and in 1931-32, 272,000 bales, according to data from the Commercial and Financial Chronicle. The Chronicle does not show exports to these two countries separately, but official Indian foreign trade statistics for last season shows that exports to China during the first 3 months of the season amounted to only about 4,000 bales. With the larger supply of Chinese cotton in China and the lower level of mill activity there, it is probably safe to say that practically all of the cotton exported from India to Japan and China combined during the past two seasons has been exported to Japan. The decline this season, therefore, represents a drop in exports to Japan, due apparently to the Japanese boycott of Indian cotton due to the increase in the Indian tariff on non-British goods which went into effect last June. So far the Japanese spinners are apparently carrying out their agreement not to buy Indian cotton. In early October a radiogram from Agricultural Commissioner Dawson at Shanghai, China, transmitting a report from Vice Consul McConaughy at Kobe, stated that the Japanese were looking for new sources of raw cotton

due in part at least to the belief that both the tariff and the boycott would be continued.

Exports of Egyptian cotton from August 1 to October 11 were 10 percent larger than in the like period of 1932-33, but 17 percent smaller than in the first part of 1931-32, according to data from the Chronicle. Up to October 11 exports this season amounted to 123,000 running bales of approximately 750 pounds compared with 112,000 bales and 148,000 bales during the like periods of last season and the season before. Shipments to Great Britain were considerably larger than in the early part of 1932-33 and about the same as in the corresponding period of 1931-32. The Continent and India took smaller quantities of Egyptian cotton during the first part of this season than in either of the two previous seasons while the United States took larger amounts than in 1932-33 or 1931-32.

Textile Situation

United States

During September cotton mill consumption in the United States amounted to 499,000 running bales which was about 90,000 bales or 15 percent less than in August, and 28 percent below the peak reached in June, but was the largest for the month of September since 1929. For the first 2 months of the season total consumption amounted to 1,088,000 bales, which was an increase of 191,000 bales or 21 percent over that of August to September last year, 22 percent over the first 2 months of 1931-32, and was the largest for the like period since 1929-30.

The indications are that sales of cotton goods by domestic mills probably equaled or exceeded production during the month of September. During the first 3 weeks of October, however, sales by domestic mills probably averaged somewhat below their output. Apparently retail sales of cotton goods in recent months have been running considerably above a year earlier.

Great Britain

During September exports of cotton piece goods from Great Britain totaled 163,000,000 square yards which represented an increase of 9 percent over exports during August, and were the highest since May. Despite the recent increase exports in September were still 14,000,000 square yards or 8 percent below September, 1932, but considerably larger than in September 1931 and 1930. During August and September exports of cloth from England totaled 312,000,000 square yards as against 358,000,000 in the corresponding period last season, 272,000,000 square yards in 1931-32, and 310,700,000 in 1930-31. It is possible that the increase in the September exports reflected a better demand from India growing out of the increased Indian tariff on non-British goods.

In recent weeks British cotton mills have been operating at something like 75 percent of normal, according to trade estimates, compared with around 50 percent a year earlier. During the first weeks of this season total forwarding of cotton to British mills amounted to 450,000 bales compared with 355,000 bales during the like period of 1932-33.

The Outlook for the Continental Cotton Industry in 1933-34 1/

The steady decline in continental mill consumption of raw cotton since the record season of 1927-28 has finally come to an end in 1932-33, when consumption rose 7-10 2/ percent above the figures for the previous season. Present prospects are that this increased level of raw cotton mill consumption will be maintained during the current season 1933-34, with possibly even some further increase in the second half of the calendar year 1934.

These expectations, however, depend upon realization of further improvement in economic conditions in the world at large which will reinforce European wholesale demand for cotton manufactures, and hence raw cotton, by enlarged consumer buying which, so far in 1933, has lagged seriously behind manufacturing operations in some sections of the Continent, notably Germany, with resultant increases in stocks of cotton goods. This increase is not alarming, because stocks of finished and semi-manufactured cotton goods in western and southern Europe have remained moderate, and the Continent taken as a whole is probably not overstocked. Nevertheless, it is clear that a fair share of the 1932-33 takings of raw cotton by the Continent, and especially in the first half of 1933, did not represent covering of current needs of the ultimate consumer, but manufacture for stock. Some danger of a set-back or a slackening in cotton mill activity, therefore, doubtless exists in places, and seems likely to become actuality if further improvement in the general business situation is not realized.

It is also important to remember that European consumer purchasing power is now so much reduced that a significant increase in cotton and cotton goods prices would probably be reflected in noticeably smaller purchases in volume of goods unless paralleled by a corresponding recovery in employment and wages.

Net imports of raw cotton by the Continent in 1932-33 (on the basis of data from the International Institute of Agriculture) amounted to some 850,000 bales of approximately 478 pounds (or roughly 15 percent) above 1931-32. On the other hand, port stocks and mill stocks of raw cotton increased from August 1, 1932, to August 1, 1933, by about 400,000 bales, 3/ leaving an apparent increase of about 450,000 bales in continental mill consumption of raw cotton during 1932-33 as compared with 1931-32. 4/

1/ Based largely upon a report from Agricultural Attache L. V. Steere at Berlin, dated October 3, 1933.

2/ Seven percent basis Manchester figures, 10 basis Berlin calculations.

3/

	August 1, 1932 Bales of 478 lbs. net	August 1, 1933 Bales of 478 lbs. net
Port stocks	646,000	897,000
Mill stocks	982,000	1,126,000
Total	1,628,000	2,023,000

4/ The International Federation of Master Cotton Spinners Manufacturers Association, Manchester, shows an increase of only 338,000 bales. Port stocks include quantities stored in the free ports outside of customs' boundaries but how much, is unknown. However, in a season of strongly rising total stocks, free port stocks will at least not decline; if they remained the same, the consumption figures will not be affected, if they rose, the difference as against the Manchester figures would be even more pronounced than here indicated.

Of this increase of 450,000 bales, as will be explained later, 180,000 bales came to Germany alone, where no equivalent increase in retail sales of cotton manufactures has taken place, and where it therefore appears that most of the 180,000 bales went into trade stocks in the form of cotton goods. Roughly 110,000 out of the total increase of 450,000 bales went to France, where no significant increase in goods stocks seems to have taken place, judging from trade reports and the figures on yarn and cloth mill stocks. Roughly 80,000 bales of the total increase went to Italy where no great increase in goods stocks is thought to have taken place. However, assuming increases in goods stocks in France and Italy equivalent to 20,000 bales of raw cotton, and such increases in the remaining countries of continental Europe at 50,000 bales, the following picture is obtained:

Cotton stocks increases from August 1, 1932 to August 1, 1933

	Bales of approximately 478 pounds
Port and mill stocks of raw cotton:	400,000
Stocks of cotton goods (raw equivalent):	
Germany	180,000
France and Italy	20,000
Other Continent	50,000
Increase total Continent	650,000

These increases, which amount in the case of raw cotton to roughly 8 percent of the total yearly mill consumption, and in the case of cotton manufactures to perhaps 6 percent of the total yearly output, is probably not serious if cotton prices and general business conditions develop in the favorable manner described above. However, it constitutes an obstacle to further expansion of wholesale demand beyond current levels of final consumers, and as the latter is still lower than mill consumption of raw cotton in the past 9 months, a certain downward adjustment of raw mill consumption is not altogether improbable.

As already indicated, the apparent increase in continental mill consumption of raw cotton of 450,000 bales in 1932-33 over 1931-32 is not fully confirmed in the figures of the Manchester Federation of Cotton Spinners' and Manufactures' Associations, given in table 2 on page 8 (converted into approximately 478 pound bales). The Association's figures rose from 4,726,000 to 5,064,000 bales, or 338,000 bales. Analysis of these data seems to point to possible understatement in the 1932-33 figure for Germany which was reported at 1,217,000 bales. Judging from mill activity (yarn production) data published by the German Institute for Economic Research, the 1932-33 mill consumption of raw cotton by German mills must have been as high as 1,440,000 bales. Allowing for an upward bias in this figure and checking it against available import statistics and changes in German cotton stocks data 1/, there appears

1/

	August 1, 1932	August 1, 1933
Bremen port stocks, bales	314,000	506,000
German mill stocks, bales	194,000	279,000
Total, bales	508,000	785,000

Total net imports of raw cotton August 1, 1932 to July 30, 1933 were 1,587,000 bales. Deducting from this figure the increase in stocks of 277,000 bales gives a mill consumption of 1,310,000 bales, not counting the small amount of raw cotton used for other than spinning purposes.

to be ground for assuming that the actual mill consumption of raw cotton in Germany during 1932-33 was about 1,310,000 bales of 478 pounds net, or roughly 100,000 bales more than indicated by the Manchester Federation. This revision would bring the total increase in continental mill consumption of raw cotton during 1932-33, as compared with 1931-32, up to the 450,000 bales arrived at previously on the basis of other data.

The outlook for American cotton.- The general conclusions stated in the introductory part of this report as to the outlook for continental mill consumption of all raw cotton in 1933-34 apply on the whole to American cotton as well. However, the present indications are that supplies of foreign cotton will be considerably larger in 1933-34 than in 1932-33 while the supply of American cotton is smaller, which will probably tend to increase somewhat through price-relationships, the share of non-American cotton consumed on the Continent. Table 1 shows the quantities consumed on the Continent in the past 10 seasons, by growths. The increase in the American share during the past season is

Table 1.- Continental mill consumption of raw cotton, according to growths, 1923-24 to 1932-33 1/

Season	American	Indian	Egyptian	Sundries	Total	American as percentage of total
	1,000 bales of approx. 478 lbs. 2/	1,000 bales of approx. 478 lbs. 2/	1,000 bales of approx. 478 lbs. 2/	1,000 bales of approx. 478 lbs. 2/	1,000 bales of approx. 478 lbs. 2/	Percent
1923-24...	2,817	1,003	481	125	4,426	64
1924-25...	3,730	894	459	116	5,199	72
1925-26...	3,952	858	425	135	5,370	74
1926-27...	4,437	692	485	162	5,776	77
1927-28...	4,680	778	478	185	6,121	76
1928-29...	4,239	924	506	176	5,845	73
1929-30...	3,772	1,010	537	276	5,595	67
1930-31...	3,190	881	532	279	4,882	65
1931-32...	3,343	538	600	245	4,726	71
1932-33...	3,803	445	606	210	5,064	75

1/ Sixteen continental countries including Germany, France, Italy, Czechoslovakia, Belgium, Spain, Poland, Switzerland, Holland, Austria, Sweden, Portugal, Finland, Hungary, Denmark, Norway, - Hungary partly estimated.
2/ Figures of "International Federation" in bales, regardless of weight, converted in 478 pounds net bales on basis of the following coefficients: 1"Indian"bale =.8 American; 1"Egyptian" bale = 1.48 American; 1 "Sundries" = .72 American.

especially noteworthy because price-relationships suggested a decline rather than an increase. (See table 3). Consumption of American in 1932-33 represented the largest proportion of the total since 1927-28.

Table 2.- Continental mill consumption of raw cotton, 1927-28 to 1932-33

Country	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33
	1,000 bales of approx. 478 lbs.	1,000 bales of approx. 478 lbs.	1,000 bales of approx. 478 lbs.	1,000 bales of approx. 478 lbs.	1,000 bales of approx. 478 lbs.	1,000 bales of approx. 478 lbs.
Germany	1,564	1,353	1,292	1,057	1,184	1/1,217
France	1,169	1,212	1,155	1,103	894	1,103
Italy	935	1,017	967	759	786	867
Czechoslovakia	542	487	444	386	343	288
Belgium	380	405	402	314	270	274
Spain	406	397	400	386	412	403
Poland	358	254	222	219	197	261
Switzerland	137	122	118	106	101	97
Holland	175	182	194	186	147	149
Austria	160	143	111	93	102	81
Sweden)						
Portugal)						
Finland)	295	273	290	273	290	324
Denmark)						
Norway)						
Hungary)						
Total	6,121	5,845	5,595	4,882	4,726	1/5,064

1/ Because of an underestimation of the German figure, which we think should be at least 1,310, the total for the Continent is likely to have approached 5,200.

Table 3.- Continental mill consumption of Indian and Egyptian cotton in relation to American, 1925-26 to 1932-33

Season	Consumption of			Indian in percent of American	Egyptian uppers in percent of American	Average price Nov.-Mar. of Indian in percent of American 1/	of Egyptian uppers in percent of American 2/
	American	Indian	Egyptian				
	1,000 bales of 478 lbs.net	1,000 bales of 478 lbs.net	1,000 bales of 478 lbs.net	Percent	Percent	Percent	Percent
1925-26	3,952	858	425	22	11	81	118
1926-27	4,437	692	485	16	11	99	119
1927-28	4,680	778	478	17	10	85	117
1928-29	4,239	924	506	22	12	77	103
1929-30	3,772	1,010	537	27	14	72	100
1930-31	3,190	881	532	28	17	78	98
1931-32	3,343	538	600	16	18	99	97
1932-33	3,803	445	606	12	16	91	108

1/ Average quotations for American Seed, Broach, Oomra and Scindh.
2/ Egyptian Uppers.

On the other hand, if a set-back in continental mill activity occurs, American cotton would in all probability be even more affected than other growths.

Germany

The recession in the German cotton textile industry which was halted in 1932 when the first signs of a revival became evident gave way in the first three quarters of 1933 to very definite improvement. Spinning and weaving mill activity rose markedly and, in June and July, reached even the prosperity levels of 1927. Raw cotton imports increased greatly, and general wholesale business during most of the first three quarters of 1933, in raw cotton, cotton yarn and cotton fabrics, was very active. An important stimulant was the upward tendency of raw cotton prices in the first half of the year, and confidence in the stability of the new political order also undoubtedly influenced the attitude of industry and trade.

However, this upward movement of mill and trade activity far exceeded anything justified by developments in actual consumer buying, and the unstable character of the mid-year levels of German cotton mill activity. In the first part of 1933-34 it has become increasingly clear that mid-year peak levels of mill activity and wholesale trade cannot be maintained for the rest of the year. 1933 retail sales of cotton textiles have been only slightly larger on an average than in 1932, and, while it is probable that they will continue to keep pace with the present slightly upward tendency in general economic conditions in Germany, it is not likely that, during 1933-34, they will rise enough to support a mill consumption of the volume observed in recent months.

As a result of the fact that 1933 retail sales have lagged seriously behind mill output and wholesale buying, a very considerable increase in cotton goods stocks has taken place between the first of the year and the end of the third quarter.

The outlook for the German cotton industry in 1933-34 is, therefore, somewhat impaired by the rather broad and extensive anticipation in the first half of 1933 of developments in ultimate consumer buying. It will require a development in general economic conditions better than seems likely in the recent few months to occur in order that the level of raw cotton imports and mill consumption experienced in 1932-33 may be maintained for 1933-34. If general consolidation of economic conditions takes place in the world at large, the calendar year 1934 may even exceed 1933 in respect to the use of raw cotton by German textile mills, but if it does not occur, there can be little doubt that the present technical position will result in a downward readjustment.

German net imports of raw cotton in the first 7 months of 1933 amounted to the equivalent of 995,000 bales of 478 pounds, as compared with only 826,000 bales in the same period of 1932, and only 669,000 bales in 1931.

The development of German mill consumption of raw cotton as reported by the International Federation of Master Cotton Spinners' and Manufacturers' Associations, Manchester, and converted into 478 pound bales, is shown in the following table:

Table 4.-Mill consumption of cotton in Germany, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 lbs. net	1,000 bales of approximately 478 lbs. net	Percent
1920-21	860	644	75
1921-22	1,162	911	78
1922-23	1,030	784	76
1923-24	946	696	74
1924-25	1,189	916	77
1925-26	1,125	884	79
1926-27	1,468	1,214	83
1927-28	1,564	1,276	82
1928-29	1,353	1,024	76
1929-30	1,292	923	71
1930-31	1,057	719	68
1931-32	1,184	863	73
1932-33	1,217	923	76

As previously stated the figures given by the German Cotton Spinners' Association through the Manchester Federation do not coincide with the figures for yarn production published by the German Institute for Economic Research. The latter figures indicate, for 1932-33, a raw cotton consumption roughly 15 percent above 1931-32, while the Manchester figures show a small increase of only 3 percent. Official import statistics tend to support the Institute figures.

Czechoslovakia

Raw cotton consumption in Czechoslovakia during 1932-33 was the lowest in the past 10 years amounting to only 58 percent of the peak mill consumption of 1926-27. The outlook for the current season and the calendar year 1934 is impaired by the widespread continuance of restrictions on international trade and there seems to be little hope for an early improvement in export possibilities. Since Czechoslovakia's cotton industry is heavily dependent upon foreign outlets, there is no reason to expect a return to prosperity levels in cotton goods production, until sales to foreign countries experience a marked up-swing. Despite the encouraging developments in the cotton industries of Germany, France, and partly, Italy (which operate largely for domestic markets) during the first three quarters of 1933, the Czechoslovakian branch remained in deep depression and showed only occasional slight seasonal tendencies toward improvement.

Net imports of raw cotton into Czechoslovakia during the 7 months January-July 1933, amounted to the equivalent of only 178,000 bales of 478 pounds, as compared with net imports of 102,000 in the same period of 1932, and 243,000 bales in January-July 1931; in the same period of 1927 they were 378,000 bales or more than twice as high as in 1933. Cotton yarn exports in January-July 1933, amounted to 15,520,000 pounds, as compared with 15,736,000

in the same period of 1932. Exports of fabrics during January-July 1933, on the other hand, were only 9,744,000 pounds, as against 13,448,000 pounds last year, and as much as 59,679,000 pounds in January-July of the record year 1927. These comparisons clearly reveal the terrific set-back Czechoslovakia has experienced on the export market which is of extraordinary importance as a sales outlet for the Czechoslovakian cotton industry.

Czechoslovakian mill consumption of raw cotton in 1932-33, as reported by the Manchester Federation, expressed in terms of 478 pound bales, has been as follows:

Table 5.-Mill consumption of raw cotton in Czechoslovakia, 1920-21 to 1932-33

Year ended July 31	Total	American	American cotton in percentage of total
	1,000 bales of approximately 478 lbs. net	1,000 bales of approximately 478 lbs. net	Percent
1920-21	254	208	82
1921-22	366	309	84
1922-23	244	178	73
1923-24	399	267	67
1924-25	467	342	73
1925-26	466	353	76
1926-27	500	408	82
1927-28	542	434	80
1928-29	487	377	77
1929-30	444	321	72
1930-31	388	273	70
1931-32	343	266	78
1932-33	288	234	81

Austria

The cotton industry in Austria as in Czechoslovakia has not profited in 1932-33 from the favorable developments evident elsewhere on the Continent. On the contrary, mill consumption of raw cotton was further reduced, amounting to only 50 percent of the consumption in the record year 1927-28, and falling lower than in any of the past 12 years. It should be noted, however, that Austria's spindle capacity has been materially reduced since the period of prosperity through transfer into adjoining countries, so that not all of the decline shown in mill consumption represents idle mill machinery.

In recent weeks there have been slightly more favorable reports on sales and occupation in the Austrian cotton industry, but even this seasonal improvement appears to have been quite limited, and the outlook for 1932-33 and the calendar year 1934 is not good. The serious economic difficulties still confronting the country seem unlikely to be relieved without a return of more normal international economic relations, and a real improvement in the cotton branch is dependent upon the return of better times, disregarding such slight improvements as may develop from time to time.

Austrian net imports of raw cotton during January-July 1933 were 54,995 bales of 478 pounds as against 64,376 imported in the same period of 1932, and 80,643 bales in 1929. Mill consumption of raw cotton since the War has been as follows:

Table 6.-Mill consumption of raw cotton in Austria, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 lbs. net	1,000 bales of approximately 478 lbs. net	Percent
1920-21	85	54	64
1921-22	109	86	79
1922-23	98	61	62
1923-24	117	65	56
1924-25	128	85	66
1925-26	151	104	69
1926-27	144	113	78
1927-28	160	122	76
1928-29	143	103	72
1929-30	111	74	67
1930-31	93	63	68
1931-32	102	77	75
1932-33	81	61	75

France

Gradual recovery in the French cotton textile situation during 1932 has been followed by continued favorable development in 1933, when both spinning and weaving mill activity as well as unfilled orders on hand rose to what may be called a very satisfactory level. At present there is nothing to indicate that the year 1934 will fall behind 1933, so the outlook is for a year of relatively favorable occupation in the French cotton industry.

Symptomatic of the improvement in France is the fact that unfilled orders in the weaving branch, a good index of future raw cotton requirements, have materially increased in 1933, and mill consumption of raw cotton by French spinners in 1932-33 was more than 23 percent above the record low of 1931-32 and on a par with 1930-31. The present favorable situation is rather well protected by moderate levels of stocks and the important volume of unfilled orders held by spinners and weavers. Nevertheless France will also require some improvement in the general economic situation if the present level of raw cotton consumption is to be permanently maintained.

French imports of raw cotton during the first half of 1933 amounted to 777,600 bales of 478 pounds as compared with only 498,000 tons imported in the first half of 1932. First half of 1931 imports were 787,000 and the record imports of the first half of 1929 amounted to 889,000 bales of 478 pounds. French mill consumption of raw cotton since the war is shown in the following table:

Table 7.-Mill consumption of raw cotton in France, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 pounds net	1,000 bales of approximately 478 pounds net	Percent
1920-21	722	583	81
1921-22	1,035	799	77
1922-23	1,154	790	68
1923-24	1,056	700	66
1924-25	1,127	806	72
1925-26	1,176	835	71
1926-27	1,170	825	71
1927-28	1,169	829	71
1928-29	1,212	824	68
1929-30	1,155	728	63
1930-31	1,103	710	64
1931-32	894	571	64
1932-33	1,103	766	69

Belgium

Much as in 1932, the situation in the Belgian cotton industry has continued depressed in the first three quarters of 1933, occupation of the industry in the season 1932-33 barely averaging above 1931-32 levels. The middle of 1933 brought some seasonal improvement in mill sales and mill activity, and it is expected that the end of 1933 and the year 1934 will see some further moderate recovery.

Net imports of raw cotton into Belgium from January to July 1933, amounted to 233,000 bales as compared with only 140,000 in the same period of 1932.

Mill consumption of raw cotton by Belgian spinning mills since the war was as follows:

Table 8.- Mill consumption of raw cotton in Belgium, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 pounds net	1,000 bales of approximately 478 pounds net	Percent
1920-21	192	113	59
1921-22	234	136	58
1922-23	245	129	53
1923-24	265	121	46
1924-25	274	149	54
1925-26	319	177	55
1926-27	333	207	62
1927-28	380	215	57
1928-29	405	219	54
1929-30	402	180	45
1930-31	314	136	43
1931-32	270	145	54
1932-33	274	163	59

Italy

A gradual rise in cotton spinning and weaving mill activity in Italy has occurred so far in 1933, interrupted by temporary set-backs in new business for yarn and cloth. Following this relatively good improvement in the cotton textile situation during the season 1932-33, the present outlook is for some further recovery during the remainder of 1933 and the calendar year 1934, provided that the latent tendencies toward world economic recovery are not hampered or interrupted by political developments. Net imports of raw cotton into Italy in January - June 1933, amounted to 475,500 bales as compared with 508,000 imported in the first half of 1932. On the other hand, mill consumption from 1931-32 to 1932-33 showed a significant increase, as is shown in the following table on mill consumption of raw cotton in Italy since the war.

Table 9.- Mill consumption of raw cotton in Italy, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 pounds net	1,000 bales of approximately 478 pounds net	Percent
1920-21	765	562	74
1921-22	769	573	75
1922-23	865	601	69
1923-24	906	547	60
1924-25	963	639	66
1925-26	1,004	712	71
1926-27	913	680	74
1927-28	935	707	76
1928-29	1,017	745	73
1929-30	967	664	69
1930-31	712	475	67
1931-32	786	559	71
1932-33	867	677	78

Poland

The agricultural crisis in Poland has continued to be a handicap in 1933 to the sales of the cotton textile industry, but nevertheless, considerable increase occurred in the output of the mills in 1932-33, notwithstanding the fact that it led to an accumulation of cotton goods stocks during the course of the year.

In Poland, as in other central European countries, the buying capacity of the ultimate consumer is now very low and the enhanced production of cotton goods involves certain dangers of recession. The outlook for 1934, therefore, is somewhat uncertain, and it will require a substantial improvement in general economic conditions, particularly in agriculture and in export possibilities, to sustain permanently the level of production in the cotton industry which has been maintained so far in 1933.

Polish mill consumption of raw cotton since the war has developed as follows:

Table 10.- Mill consumption of raw cotton in Poland, 1920-21 to 1932-33

Year ended July 31	Total	American	American in percentage of total
	1,000 bales of approximately 478 pounds net	1,000 bales of approximately 478 pounds net	Percent
1920-21	129	97	75
1921-22	210	170	81
1922-23	219	167	76
1923-24	173	129	75
1924-25	203	164	81
1925-26	186	158	85
1926-27	317	271	85
1927-28	358	318	89
1928-29	254	210	83
1929-30	222	184	83
1930-31	219	176	80
1931-32	197	166	84
1932-33	261	228	87

It should be noted that spindle capacity in Poland has increased greatly in recent years. The number of spinning spindles in place in Poland fluctuated around 1,550,000 in the years 1928 to 1931, but rose to 1,706,000 on July 31, 1932, and to 1,818,000 on July 31, 1933.

The Soviet cotton textile industry

The 1933 Russian cotton textile plan provided for a total production of 3,007,000,000 yards of finished fabrics as compared with the planned output of 3,347,500,000 yards for 1932, and the actual 1932 production of approximately 2,624,600,000 yards. On the basis of present information on developments in the industry, full execution of the 1933 plan does not seem probable. Furthermore, unless the Government should import raw cotton from abroad, the plan for 1934 production will probably not differ greatly from that for 1933, i.e., 3,007,400,000 yards.

In attaining independence of foreign cotton supplies Russia has accomplished much in the way of expanding production, but at the same time she appears to have reached a point beyond which further expansion is difficult at this time, and no material exports of Russian cotton are to be expected during the next few years. Russia's independence of foreign sources, however, seems to be assured for 1933-34, assuming that no effort is to be made to increase materially the output of cotton manufactures.

If such an increase should be undertaken, it would doubtless be necessary to increase cotton imports, especially of American cotton 1/, in view of the fact that the 1933 domestic crop is not likely to exceed that of 1932.

Official estimates of the 1933 Russian crop are still lacking, but in view of the reported 5.5 percent reduction in acreage a crop about equal that of last year or possibly somewhat below should be reckoned with. Such an estimate assumes, of course, the recurrence of the low yields which have been characteristic of the past 2 or 3 years. As these low yields are attributable to deficient cultivation and irrigation incident to labor shortage and inefficiency, as well as to the bringing under cultivation of considerable new land in the so-called "new cotton regions" 2/ and the increase of cotton acreage in the old cotton regions at the expense of rotation crops, there is little ground for assuming improved yields this year.

Preliminary estimates of the 1933 cotton acreage are for 4,848,000 acres compared with the revised acreage of 5,139,000 acres in 1932. This revision, which had been expected, brings the estimated acreage of cotton in 1932 down from the 5,367,000 acres reported in April 1933 and the 5,787,000 acres originally reported in July 1932. The downward revision of the 1932 acreage was accompanied by a downward revision of production, which is now placed at 1,778,000 bales of 478 pounds.

Japan 3/

Cotton consumption by mills in Japan, as measured by yarn production, reached a new high level in September when yarn production reached 261,000 bales compared with the previous high of 258,000 bales which was in April. Apparently the Japanese industry has not greatly suffered from the higher Indian tariff which became effective in June. Although Japan's exports of cotton cloth declined in June and July in August, they increased to 191,000,000 square yards from 165,000,000 in July and were the highest with the exception of May for any month since December, 1932. Part of the increase in September is said to have been due to shipments to new markets, principally Africa, Latin America, and Near East.

1/ With respect to the reported purchases of American cotton by the Soviet Government in July 1933 and the negotiations for further purchases recently reported by the press, it should be noted that some observers view Russia's buying of American cotton in July this year as not intended to cover a deficit, but rather to be offset by sales of domestic cotton to the Continent and England. Russian cotton exports during the first half of 1933 were only slightly below imports. The fact that such Russian purchases are made on long-term credit, whereas sales are on a cash basis, may well influence Russia's conclusion of such transactions.

2/ Yields began to decline sharply in the year when expansion took place in the cotton acreage of the "new regions". The share of these regions increased from 8 percent in 1930 to 18.8 percent in 1931 and 19.6 in 1932.

3/ Based largely on a radiogram from Shanghai on October 6 transmitting a report from Vice Consul McConaughy at Kobe.

The high rate of yarn production in September was probably due in part to the heavy demand for twenty count and coarse yarn because of the heavy production of unfinished piece goods and efforts of the weavers to accumulate stocks of the coarser yarns before Indian cotton disappears from the market. Production of twenty count yarns increased from 65,500 bales in August to 81,900 bales in September, an increase of 25 percent.

According to Vice Consul McConaughy, the belief is quite prevalent among cotton consumers in Japan that some of Japan's requirements can be produced in Manchuria within the next 10 years, but close observers of conditions in Manchuria are skeptical. Experiments are said to be in progress in Persia and Peru in hopes of establishing sources of supply in exchange for piece goods. No raw cotton had been received from these countries up to the beginning of October, but in October a small experimental shipment of Brazilian cotton was expected to arrive. All of these efforts to obtain new sources of raw material are said to be due in part to the belief that the conferences at Simla and London pertaining to tariff concessions by India and consequent lifting of the boycott by Japan will be productive of no immediate, substantial results.

China 1/

The cotton textile situation in China improved somewhat from mid-September to mid-October. Yarn prices advanced materially with improved demand from some southern and western provinces resulting in more profit for the spinners. As a result mill activity has increased considerably. In the first part of September the Chinese owned mills were estimated to have been operating at 60 percent of capacity and the Japanese owned mills at 75 percent of capacity. During the first part of October the Chinese section was said to have been operating at 85 percent of capacity and the Japanese section at about 75 percent with activity still increasing.

There was some strengthening of cotton prices in China toward the end of September which was attributed to the advance in prices of American and to unfavorable weather in the cotton producing regions of China. This advance in prices of raw cotton was no doubt a factor in the advance in yarn prices in addition to the improved demand for yarn.

Production, Acreage and Crop Conditions

United States

The domestic crop made unusual progress in September so that conditions on October 1 indicated a yield per acre of 205.3 pounds which on the estimated area for harvest is expected to give a crop of 12,885,000 bales of 478 pounds net or 500 pounds gross. This represents an increase of 471,000 bales or 3.8 percent over the September forecast. The indicated crop is only 117,000 bales less than the crop produced in 1932 and 1,781,000 bales or 12 percent below the 1928-1932 average of 14,666,000 bales.

Most of the increase from September to October took place in Texas where the estimated production showed an increase of 375,000 bales. Some

1/ Based largely upon a radiogram from Agricultural Commissioner Dawson at Shanghai, dated October 16.

increase took place, however, in all major producing states except Mississippi and Louisiana.

India

Plantings of Indian cotton up to October 1 was estimated by the Department of Statistics of the Indian Government at 19,641,000 acres compared with 18,415,000 acres planted to the same date last year, which represents an increase of 6.7 percent. In 1931 the area planted to October 1 was estimated at 19,654,000 acres.

In October the Bombay cotton trade estimated that the 1933-34 Indian cotton crop would be about 14 percent larger than in the 1932-33 season. This applied to the latest official estimate of the Indian Government of 3,779,000 bales of 478 pounds for the 1932-33 crop would give an increase of slightly more than 500,000 bales or a crop of aproximately 4,300,000 bales. The 1931-32 crop amounted to 3,368,000 bales and the average production for the 5 years prior to the short crops of 1931-32 and 1932-33 was 4,539,000 bales.

Soviet Russia

Although the 1932 cotton crop in Russia turned out to be smaller than previously expected, Soviet Russia in the season 1932-33 for the first time in history, exported more cotton than she imported, the net exports mounting to the equivalent of 25,200 bales of 478 pounds, compared with net imports of 186,954 bales in 1931-32.

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November 29, 1933

WORLD COTTON PROSPECTS

Summary

Cotton textile mill activity throughout the world as a whole was apparently somewhat higher during October than for the like period in each year since 1929-30. In Great Britain mill activity in October was still increasing and was considerably higher than a year earlier, while in Japan activity in October reached the highest levels on record and the mills were probably using larger proportions of American cotton than ever before. Domestic mills consumed more cotton in October this year than in the past three Octobers, although only slightly more than during October last year. On the Continent of Europe mill activity in most countries continued above a year earlier, although, as in the United States, mills are on the whole less active now than during the summer. Mills in China were more active in early November than for several months and possibl, more active than a year earlier. In India and Russia cotton mills during September consumed considerably less cotton than a year earlier, and this was probably true for the month of October.

So far no agreement has been reached on the Anglo-Indo-Japanese cotton trade problems which grew out of the 75 percent Indian tariff on non-British piece goods and the resulting boycott of Indian cotton by the Japanese. Information received from Japan in late November indicated that possibly an agreement may be reached within a relatively short time. If no agreement is reached it will probably not be long before American cotton will represent more than 75 percent of the total cotton consumed by the Japanese mills whereas during the 10 years ended 1931-32 American represented about 40 percent of the total and Indian about 51 percent. During September American cotton

constituted 83 percent of the total cotton imported into Japan although American represented only 63 percent of the total mill takings for the month and Indian 34 percent, the forwardings of Indian coming largely out of the stocks which were accumulated before the boycott went into effect. According to information received from the Japanese cotton trade in late November, the Japanese have submitted a proposal which contained their final concessions in the Indian tariff and Japanese boycott controversy. The most important provisions of the proposal included: (1) that for the yearly importation of 1,000,000 bales of Indian cotton into Japan, India is to permit the Japanese to export 400,000,000 square yards of piece goods to India at a duty of 5-1/4 annas (11.98 cents at par) per pound of cloth with no allowance or action due to variations in the level of the yen exchange, (2) that for each additional bale of Indian cotton taken by Japan, an additional 150 square yards of cloth be added to the Japanese cloth quota with a limit of 1,500,000 bales, and (3) that the periods for applying these terms be calculated on a half yearly basis with a 10 percent allowance either way.

Prices

Cotton prices in domestic markets advanced rather sharply during the latter half of October, then reacted somewhat during the first few days of November, but from November 7 to November 16 advanced more than three-fourth cent per pound, reaching the highest level recorded since early August. On October 16 the average price of middling 7/8 inch cotton in the ten designated markets was 8.51 cents per pound, but before the end of October advanced to almost 9½ cents and on November 16 averaged 10.03 cents, an advance of 1½ cents within a month. From November 16 to November 24 there was a net decline of 0.23 cents, the ten markets on the latter date averaging 9.80 cents per pound.

Much of the fluctuation in cotton prices in the United States during the past month has been due to the further depreciation in the value of the dollar, in terms of gold. During the week ended November 18 the average price in the ten markets reduced to a gold basis was 6.08 cents, the same as the average for the week ended October 14, but somewhat lower than during the week ended October 28. The average price in currency for the week ended November 18 was 9.86 cents and for the week ended October 14, 9.04 cents.

During the past few weeks prices of Indian cotton at Liverpool have shown relatively little change as compared with prices of American. The average price of three types of Indian (Oomra, Broach, and Sind) is now less than 80 percent of the price of American middling and low middling compared with 88 to 90 percent a year ago and an average for the 10 years ended 1931-32 of 80 percent.

At mid-November prices of American middling in Shanghai, China, in terms of Chinese currency, were somewhat lower than a month earlier, but were still higher than those for native cotton and buying of American cotton was reported as very slow. The Japanese mills in China are reported as not buying the loan cotton of the syndicate.

Stocks and Movement

Apparent supply of American cotton in United States

The apparent supply of American cotton remaining in the United States on November 1 amounted to approximately 17,200,000 bales compared with 18,000,000 bales a year earlier, almost 20,100,000 bales on November 1, 1931 and 15,600,000 bales at the beginning of November, 1930. Of the apparent supply in the United States on November 1 this year, 9,450,000 bales were in public storage and at compresses and 1,300,000 bales at consuming establishments as reported to the Bureau of the Census. On November 1 last year stocks of American cotton in public storage and at compresses amounted to almost 9,800,000 bales and stocks in consuming establishments to 1,200,000 bales.

Exports of American cotton

During October exports of American cotton amounted to 1,047,000 running bales which while only slightly above October, 1932 were the largest for the month since 1929. Japan, France, Italy, Spain, China, and Canada were the important foreign countries taking larger quantities of American cotton in October this year than in October, 1932. The October shipments to Japan were the second largest for the month in the history of our exports.

For the 3 months ended October 31 total domestic exports amounted to 2,446,000 bales compared with 2,194,000 bales during the first quarter of last season, 1,783,000 bales in the first 3 months of 1931-32 and were the largest for the period since 1926-27. Exports to Japan during the first part of this season were the largest for the period in history and are, no doubt, accounted for by the Japanese boycott on Indian cotton which undoubtedly accounts for the very small exports from India to Japan.

Exports from India and Egypt

During the 4 weeks ended November 16 total exports of cotton from India amounted to 86,000 bales of approximately 400 pounds compared with 109,000 and 120,000 bales respectively in the like period of each of the last 2 years, according to data from the Commercial and Financial Chronicle. This decrease as compared with previous years is accounted for by the smaller exports to Japan and China. These two countries combined took only 25,000 bales during the 4 weeks ended November 16 which was 22 percent less than a year earlier and 65

percent less than in the like period of 1931. During September imports of Indian cotton into Japan were reported at only 13,000 bales of approximately 500 pounds, a decrease of 73 percent from a year earlier and 90 percent from September, 1931 and were the smallest for the month of September since 1923. Imports of American cotton in September on the other hand were 43 percent larger than a year earlier, 49 percent larger than in September, 1931 and were the largest for the month in history. As stated in the above section the Japanese boycott of Indian cotton accounts for these developments. There is now, no doubt, about the Japanese being able to carry through the agreement not to buy Indian cotton.

During the 4 weeks ended November 15 exports of Egyptian cotton amounted to 129,000 bales of approximately 750 pounds compared with 75,000 bales during the like period last season and 112,000 bales during the corresponding 4 weeks 2 years ago. During the period August 1 to November 15 total exports from Egypt amounted to 282,000 bales which was 45 percent larger than in the like period of last season and 3 percent above the first 3½ months of the 1931-32 season.

Textile Situation

United States

Domestic cotton consumption in October amounted to 504,000 running bales compared with 499,000 bales in September, 502,000 bales in October, 1932 and was the largest for the month of October since 1929, according to data from the Bureau of the Census. During the first 3 months of the season total cotton consumption in the United Statesamounted to 1,592,000 bales which was 193,000 bales or 14 percent larger than during the first quarter of last season, 242,000 bales or 18 percent larger than during the corresponding period of 1931-32, and 403,000 bales or 34 percent larger than during the first quarter of 1930-31. The average consumption per working day during October was slightly less than during September and slightly higher than during October last year.

The indications are that during the first part of November domestic mill activity declined somewhat further. During the week ended November 11 sales by mills increased, according to trade reports, but were probably not equal to output. However, mills have been very careful in holding down stocks and at present mill stocks of most cotton goods are said to be rather low and in many lines of goods below a year ago.

Great Britain

During October the trend of mill activity in England was upward and at considerably higher levels than during October last year. During the latter part of October and the first of November, sales of cotton textiles by British manufacturers increased and somewhat exceeded production. Exports of cotton piece goods from Great Britain declined slightly during October, as compared with September, but exceed exports during October last year by 13 percent and were the largest for the month since 1929. During the first quarter of this season British exports of cotton piece goods were considerably lower than during the like period of 1932-33, but much above the first quarter of 1931-32.

So far it is difficult to see from the exports of piece goods from Great Britain any benefits which have come to the English industry due to the increase of the Indian tariff on non-British piece goods in June, which presumably would reduce Japan's exports to India. In April and May exports of piece goods from Great Britain to India accounted for 25 percent of the total piece goods exported from England, whereas in August and September exports to India accounted for only 20.2 and 20.7 percent respectively of the total. Up through July the imports into India did not show any effects of the change in the tariff for, whereas, during the 5 months prior to June imports of cotton cloth into India from Japan were smaller than imports from the United Kingdom in June and July, imports from Japan were larger than from the United Kingdom and larger than in the previous months. In August, however, imports from Japan decreased 24 percent, whereas imports from the United Kingdom increased 43 percent, but the imports from Japan were larger than those from the United Kingdom.

Continental Europe 1/

New business of cotton spinners and cotton weavers on the Continent during September and October did not come up to previous expectations. Furthermore, the decline in new sales of cotton yarn and cotton fabrics is contrary to the usual seasonal movement. Very quiet new business and a possibility of curtailment in mill activity is now reported from all parts of the Continent. Actual restriction of mill activity to date, however, has not been significant, since unfilled orders on hand are still sufficient to keep mills occupied at a satisfactory rate for some time to come.

Complaints regarding the slowness of new sales of cotton yarn and cotton fabrics were received from France as well as from western and central Europe. It now appears that the revival of business in Czechoslovakia and Austria prior to September was more pronounced than previous reports indicated. This belated announcement of more favorable summer business tended to offset the more unsatisfactory developments now occurring. There is very little recent information on the Italian situation but mill activity figures for July and August point to a reduction in unfilled orders, which, however, is more or less seasonal.

Taking the Continent as a whole, mill activity during September and October showed little change from that of immediately preceding months. However, some recession has already taken place in parts of Germany and France, and this decline is likely to be further emphasized unless the hoped-for improvement in fall sales is realized. The accumulated stocks of manufactured goods mentioned in last month's report are becoming more and more felt, and a pick-up in consumers' purchases is necessary to preserve present levels of output

There was a fairly active spinner buying of raw cotton during September and October, though purchases in the latter month slackened somewhat, due to uncertainty regarding the American currency policy. Price-fixing was important on all temporary setbacks in the market, and purchases of raw material were also sporadic.

1/ Based largely on a report prepared by Assistant Agricultural Attache' Donald F. Christy at Berlin on November 9, 1933.

Germany

The German cotton spinners' report for the month of September indicated a continuance of the decline in new orders observed in August. Calling on old contracts was not uniform. Mill occupation was maintained on the basis of old unfilled orders. Import purchases of cotton yarns, numbers 47 to 83, prior to the tariff increase which went into effect at the beginning of August, have so far prevented a revival of domestic business in these yarns. Western Germany continued to complain of increased foreign competition in coarse counts. Sales by two cylinder spinning mills are regarded as unsatisfactory for, despite a slight revival, they were much below the seasonal normal.

For the month of September cotton weavers reported a spotted improvement in wholesale demand for fabrics, but the pick-up was much less than seasonal. Unfilled orders on hand were sufficient to maintain mill activity on previously reached levels, but these unfilled orders showed a sharp decline during the month, as a result of relatively small current sales. October reports are not yet available, but it appears that a quieter tendency in new business has continued.

Textile retail sales used as an index for ultimate consumer demand show that in the third quarter of 1933 the value of the turnover was 103.4 percent of that in the third quarter of 1932. In September 1933, alone, this percentage was 108.8 percent of the previous September. If price variations are eliminated, the September 1933 figure indicates a quantitative increase in sales of from 8.5 percent to 11.6 percent over September,1932, depending upon which price index is used for the conversion of values into quantities.

German cotton spinner buying of raw cotton during September and October was characterized by a fair volume of new acquisitions in the first month, but considerable caution in the second. Price-fixing was important on setbacks in the market. Toward the end of October both cotton spinners and cotton merchants assumed a very reserved attitude in view of the prevailing uncertainty regarding the American currency policy and, therefore, future cotton price developments.

The cartel commission of the German cotton spinning industry has again drawn up and confirmed its previously proposed minimum price agreement for cotton yarn, and the agreement was approved by 80 percent of the German spinners. So far, however, it has not been put in force.

Czechoslovakia

As indicated by recent reports from the Czechoslovakian spinning and weaving centres, the cotton industry there during July and August experienced a considerable revival from the very depressed condition that existed during the first half of the current year. As a result, in July the cotton spinners' cartel increased its production quota about 10 percent, valid up to October. Nevertheless, mill production utilized only about half of full spinning capacity. Since August, new business of both spinners and weavers has again become less satisfactory. Spotted seasonal increases in sales are of little importance. Exports continue unsatisfactory because of the very depressed state of import buying in customer countries.

Exports to Rumania have been made especially difficult through the existing payment and transfer restrictions, but this difficulty is expected to be overcome by the recently concluded contingent agreement with that country.

Austria

Similarlly as in Czechoslovakia, the Austrian cotton textile industry experienced a good improvement during August, according to recent reports and statistics. The index of raw material requirements by cotton weaving mills, which serves as a measure for weaving mill activity, rose from 89 percent of the 1923-1931 average in July, to 120 percent in August. In May 1933, this index was 114, and last August it was 121. Production of cotton yarn increased from 88 percent of the 1923-1931 average in July to 118 percent in August. The latter figure is greatly above the 87 percent and 102 percent respectively reported 1 and 2 years ago.

During August, 550,000 of the 745,000 spinning spindles in place were occupied one shift, and 50,000 worked two shifts. The increase in cotton yarn sales is reported to be largely due to increased exports to Hungary and Rumania as well as to Lithuania. The latter country granted Austria a yarn import contingent around the middle of the year.

As far as can be judged from indications available for the month of October, the improvement of the summer months has given way to a reduced volume of new orders which in turn has caused a decline in mill activity.

While Austrian cotton spinners long ago united into a cartel which regulates prices and terms, cotton weavers made a similar arrangement only recently. All Austrian weavers joined this cartel, the members of which are obliged to report to the cartel administration their daily sales as well as prices and qualities of the goods sold. Prices, however, are not fixed by the cartel, but the sales must be effected at uniform terms.

France

Rather satisfactory reports on new business and mill activity were received for the month of September, but October was characterized by a very quiet state of trading in the spinning as well as weaving sections. Only toward the end of the month was there some improvement in new business of weavers, as a result of increased buying interest on the part of the wholesale trade. Cotton yarn business was especially handicapped in the North, with Roubaix - Tourcoing complaining of slow sales, reduced unfilled orders, and very unsatisfactory prices. The situation was somewhat better at Rouen, where cotton yarn sales were effected, at the beginning of the month, for near delivery as well as for delivery in the first quarter of 1934.

Italy

Recent reports on the development of cotton mill conditions in Italy are lacking, but statements in the foreign Press indicate that Italian exports of cotton goods to Mediterranean countries are meeting with strong competition from Japanese offers.

A rather stable level of cotton spinning and cotton weaving mill activity has been maintained in Italy up to the beginning of September. Fluctuations since the first of the year have been relatively insignificant, but a tendency to decline was noted around the middle of the year, especially in the weaving section where the reduction of activity from the end of June to the end of August amounted to about 8 percent. However, both spinning and weaving mill activity is considerably above last year and 2 years ago. The increase as compared with last year is, roughly, 25 percent.

Holland

The Dutch cotton textile industry in recent months demanded further measures to be taken in favor of its greatly curtailed business. The formerly very large business in cotton weavings has been cut down almost to the level of imports of cotton weavings. This is why the industry thinks that the shift to a domestic sales basis, with a resultant replacement of imports by supplies from the domestic mills, would be a desirable measure to put through.

A serious problem for the Dutch cotton industry is the increasing industrialization of Java, as well as Japanese competition in Asia. However, other countries are also considerably concerned about these developments as they except the Dutch industry to become a very keen competitor on continental markets to offset its loss of overseas markets.

Soviet Russia

Production of cotton textile fabrics during the first 8 months of 1933 is reported to have been about 1,750,000,000 yards which is fully 100 percent of the plan for that period and about equal to production during the corresponding period last year. However, this favorable quantitative result is greatly marred by the reported facts of poor and uneconomical production. About 383,000,000 yards of fabrics, or over 20 percent of the total production, is reported to be either spoiled or defective goods, and an additional 109,000,000 yards were lost through poor utilization of raw material. The 100 percent execution of the textile production plan for the first 8 months was only possible, according to an article in the "Isvestia", by utilizing about 10,000 to 11,000 more tons (46,000 to 51,000 bales of 478 pounds) of raw cotton than provided for by the plan, and through the introduction of additional equipment and labor.

September 1933 production of cotton fabrics was 188,603,000 yards or about 80 percent of the monthly plan, as compared with an output of 209,627,000 yards in September 1932.

Production costs in the cotton industry during the first half of 1933 were supposed to decline by 1.2 percent but instead increased by 4.9 percent. Labor efficiency was fully 6.5 percent below the plan.

China

The cotton textile situation in China during the first part of November continued about unchanged, according to a radiogram from Agricultural Commissioner Dawson at Shanghai on November 15. Stocks of cotton yarn continued burdensome despite some improvement in sales during the previous month. A Chinese cotton control commission has been formed to relieve the situation. The commission is limiting the amount of yarn tenderable for settlement on the exchange for November and December settlements. A new set of yarn standards are to be made and yarn tendered for settlement is subject to inspection by the commission. Mill activity in the first part of November was placed at about 90 percent of capacity, a marked increase over the levels existing during the summer.

The seasonal activity in the Chinese piece goods markets has decreased and no important improvement is expected until after the Chinese New Year in early February. Sales of Japanese goods in Tientsin and South China have been good, according to Mr. Dawson's report, while British and continental European goods have not been selling.

Japan 1/

The Japanese have apparently been successful in building up sufficient foreign trade in cotton textiles to offset to a considerable degree at least the decline in sales to India due to the increased Indian tariff. At any rate the production of cotton yarn by Japanese mills reached the highest level on record in October. The 265,500 bales of cotton yarn produced in October compares with 261,000 bales produced in September, the previous all-time high, and 230,000 bales in October 1932. During the first 5 months of this season total yarn production amounted to 780,000 bales compared with 691,000 bales during the first quarter of 1932-33 and was 10 percent higher than the previous peak consumption for this period.

In addition to the high level of activity another factor favorable to the consumption of American cotton is the continuation of the boycott on Indian cotton. In September imports of American cotton into Japan amounted to 152,000 bales, the largest for the month on record while imports of Indian were the smallest for the month in 10 years and with one exception for more than 20 years. If the boycott continues, it may not be long before American cotton will constitute as high as 85 or 90 percent of the total cotton consumed by Japanese mills. During September American cotton constituted 82 percent of the total imports of cotton into Japan. During the 10 years ended 1931-32 American cotton represented about 40 percent of the total cotton consumed by Japanese mills, and in 1932-33 American represented 66 percent of the total. At present the mills are using up the stocks of Indian cotton which are the largest for the corresponding period since 1929. Forwardings of American cotton to Japanese mills during September amounted to 154,000 bales compared with 128,000 bales in August, an increase of 19 percent. Forwardings of Indian cotton on the other hand decreased from 100,000 to 83,000 bales or 17 percent.

1/ Based largely on a report from Vice Consul McConaughy at Kobe transmitted by radiogram November 1 from Shanghai, China.

Exports of piece goods during September amounted to 176,000,000 square yards, a decrease of 8 percent compared with August, and 12 percent compared with September, 1932, but cloth production continued at very high levels during September, yarn stocks showing very little change despite the record yarn production. The shortage of 20-count yarn continued into October despite the substitution of higher counts up to 32's and as a result some Chinese and other yarns were imported. The higher yarn prices prevailing in August continued in September. Most of the decrease in exports of cloth is said to have been due to the decline in exports to India.

A message received by radiogram from the Agricultural Commissioner's office at Shanghai on November 23 stated that, according to word from Tokio, Japan, the Japanese had recently submitted a proposal in the Japanese boycott and Indian tariff controversy which contained the following most important points:

(1) for the yearly importation of 1,000,000 bales of Indian cotton into Japan, India is to permit the Japanese to export 400,000,000 square yards of piece goods to India at a duty of 5-1/4 annas (11.98 cents at par) per pound of cloth with no allowance or action due to variations in the level of the yen exchange.

(2) for each additional bale of Indian cotton taken Japan should be allowed an additional 150 square yards of piece goods.

(3) that excess purchases of cotton over 1,000,000 bales to which the 150 square yards applies shall be limited to a total importation into Japan of 1,500,000 bales.

(4) the periods for applying the terms included in the proposal should be calculated on a half-year basis and that a 10 percent allowance be made either way.

Production, Acreage, and Crop Conditions

United States

The November estimate of the domestic crop placed the indicated harvest at 13,100,000 bales of 500 pounds gross. This was an increase of 215,000 bales or 1.7 percent above the October 1 forecast, almost 100,000 bales above the 1932 crop, but 1,566,000 bales or 11 percent below the 1928-1932 average. The average yield forecast as of November 1, was 208.7 pounds per acre compared with 178.3 pounds in 1932 and an average for the 10 years 1922-1931 of 167.4 pounds. The indicated yield per acre is only 2.8 pounds per acre below the large yield of 1931 and the largest with the exception of that year since 1914. Weather conditions have been unusually favorable this year in most sections of the belt and weevil damage has been light.

Conditions have been very favorable for harvesting and up to November 14 total ginnings from the 1933 crop amounted to 11,251,000 running bales counting 475,400 round bales as half bales. Ginnings to November 14 last year amounted to 10,534,000 running bales, and to 14,208,000 bales to that date in 1931. The Crop Reporting Board states that during

October picking and ginning progressed rapidly with minimum field losses. The average weight of the bales ginned this season is considerably above average, which is an important factor in interpreting ginnings report as compared with the crop estimates which are in bales of approximately 500 pounds gross or 478 pounds net.

Russia 1/

The cotton picking and procuring campaigns are now in full swing and, despite the usual complaints, seem to be developing satisfactorily. Thus, almost half of the total raw cotton to be procured this year was procured by October 15, the quantity delivered amounting to 631,276 metric tons of unginned cotton, (900,000 to 960,000 bales of ginned cotton of 478 pounds, depending upon the ginning outturn) or 46.9 percent of the plan. September procurings were considerably above those of a year ago, and total procurings to October 15, compare more favorably both with 1932 and 1931.

This year's procuring plan has been set at 1,346,200 tons of unginned cotton, which would correspond to 1,925,000 to 2,050,000 bales of ginned cotton of 478 pounds. As practically all of the cotton harvested is procured by government organizations, the above figures represent approximately the government ideas as to the outturn of the 1933 cotton crop. It is interesting to note that this estimate is below the figure available at the same time a year ago when a procuring plan of 1,450,000 metric tons of unginned cotton was published. However, the present plan is 10 to 15 percent (depending upon ginning yield) higher than the final crop estimate for 1932. Nearly 45 percent of the yearly procuring plan is to be delivered during October, but the Press indicates that the pace of procurings during the first half of the month was not sufficient to guarantee complete execution of the monthly plan.

Complaints show the picking of unripe cotton, as well as the moistness of cotton delivered to the procuring centres, and the usual difficulties with respect to transportation and shortage of sacks, etc., are reported.

1/ From Mr. Christy's report dated November 9.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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WORLD COTTON PROSPECTS

Summary

The world production of all cotton in 1933-34 has been tentatively estimated by the Bureau of Agricultural Economics at 25,500,000 bales of 478 pounds. This estimate represents an increase of 1,900,000 bales over the small crop of 1932-33 which is now estimated at 23,600,000 bales, but is 2,000,000 bales less than the estimated world production in 1931-32, and is less than the average production during the 5 years ended 1932-33. This season's domestic crop is now estimated at 13,177,000 bales which, when deducted from the estimated world total, leaves an estimated production in foreign countries of 12,323,000 bales compared with an estimate of 10,598,000 bales last season, 10,405,000 bales two season's ago and 11,868,000 bales in 1930-31.

In Egypt where the greatest increase is occurring the crop is now estimated at 1,819,000 bales compared with 1,028,000 bales in 1932-33, and an average for the 5 years ended 1930-31 of 1,600,000 bales. This large increase over last season is due both to increased acreage and increased yields per acre. The Chinese crop is expected to be unusually large this season and the Indian crop is estimated by the Bureau at 4,000,000 bales which is 221,000 bales larger than last year but is still considerably smaller than the average production for the 10 years prior to the depression of 4,451,000 bales. The Brazilian crop is expected to be considerably larger than last season due both to increased yields and increased acreage. Mexico and a number of the smaller producing countries are also expected to show increases this season.

The Bureau tentatively estimates the 1933-34 world acreage at 74,700,000 acres compared with a revised estimate for last season of 76,500,000 acres, and is the smallest since 1923-24. This is due to the fact that the 1933-34 United States acreage is estimated at 4,795,000 acres less than last season and the smallest since 1921-22. The estimated foreign acreage is 44,556,000 acres compared with 40,561,000 acres in 1932-33, 42,095,000 acres in 1931-32 and 41,646,000 acres in 1930-31. The greatest increase in actual acreage this season is in India where the area in cotton is expected to be around 2,000,000 acres larger than last season. This is a relative increase, however, of only 9 percent. In Egypt the acreage was increased 65 percent, due partly to the removal of the acreage restriction law which had reduced the previous season's acreage to unusually low levels. The Egyptian acreage, therefore, while greatly above last season, is below the levels existing before the depression.

Prices

On November 16 cotton prices in domestic markets in terms of currency reached the highest levels recorded since the first week of the season, the average of Middling 7/8 inch cotton in the 10 designated markets on that day being 10.03 cents. The price on November 16 was about 7/8 cents per pound higher than on November 7, 10 days earlier. A substantial part of this rather marked rise was apparently due to the further depreciation in the foreign exchange value of the dollar. During the latter half of November, however, domestic prices declined about $\frac{1}{2}$ cent per pound, this being associated with an appreciation of the dollar in foreign exchange and declining prices of other commodities and of stock quotations. During the first 20 days of December domestic cotton prices have remained unusually steady. During this period the average daily price of Middling 7/8 in the 10 markets ranged between 9-5/8 and 9-7/8 cents per pound. During December 1932 the price of Middling 7/8 in the 10 markets was around $5\frac{1}{2}$ to 6 cents.

The average United States farm price of cotton on November 15 was 9.6 cents per pound compared with 9.0 cents in October, 5.9 cents in November 1932 and 6.1 cents in November 1931. The November 15 farm price was the highest farm price recorded for any month since March 1931 with the exception of the price of 10.6 recorded in July 1933.

During recent weeks spot prices have been very high in relation to futures quotations due to the 10-cent loan on cotton being made by the Commodity Credit Corporation.

Stocks and Movement

Apparent supply of American cotton remaining in United States

On December 1 the apparent supply of American cotton remaining in the United States was approximately 15,900,000 bales, the December estimate of production plus the carry-over at the beginning of the season amounting to about 21,300,000 bales and the disappearance (domestic consumption plus exports) from August 1 to December 1 amounting to about 5,400,000 bales. The apparent supply on December 1, 1932 was 17,250,000 bales and on December 1, 1931, 18,600,000 bales. The decline in the figure for December 1, 1933 as compared with 1932 resulted from both a smaller carry-over at the beginning of the season and a larger disappearance (consumption plus exports) during the first 4 months of this season as compared with the corresponding months of last season. The 1933 crop as estimated at present is 450,000 bales larger than the crop estimate of December 1, 1932.

If from the estimated supply of American cotton in the United States on December 1, the stocks of American cotton in public storage and at compresses and stocks at mills are deducted, the remainder gives an estimate of the amount of cotton "elsewhere" in the United States. The cotton located "elsewhere" (that is, stocks outside of public warehouses, compresses, and mills) includes in addition to the cotton on farms, which constitutes the most important quantity, cotton for export, on shipboard but not cleared; cotton coastwise; and cotton in transit to ports, interior towns, and mills. The figure includes that part of the crop which has not been harvested or ginned but which is expected to be harvested, as estimated by the Crop Reporting Board. The estimated stocks "elsewhere" in the United States on December 1 this season amounted to 4,024,000 bales compared with 5,178,000 bales a year earlier, 6,520,000 bales on December 1, 1931 and 4,036,000 bales at the beginning of December 1930. The estimated "elsewhere" figure for December 1 this year represented 25 percent of the total apparent supply, whereas last year it represented 30 percent of the total, on December 1, 1931, 35 percent, and on December 1, 1930, 29 percent. There are two reasons why the elsewhere figure on December 1 represents an unusually small percentage of the total, first, there was an unusually large proportion of the crop which had been harvested and ginned up to December 1 this year and, second, the fact that many farmers have obtained loans of 10 cents per pound on their cotton through the Farm Credit Administration, and in order to do so it is necessary to store the cotton in public warehouses. Prior to this year it has been felt that these "elsewhere" figures gave a rough index of stocks of cotton in the hands of farmers, either in the form of baled cotton or unharvested and unginned cotton. This year, however, an unusually large amount of the cotton in public warehouses represents cotton which farmers have obtained loans on but which they still own.

Exports of American cotton

The 915,000 running bales of American cotton exported during November represented a decrease of 97,000 bales compared with November 1932 and 156,000 bales compared with November 1931. However, exports from August 1 to November 30 totaled 3,360,000 bales compared with 3,206,000 bales during the like period last season, 2,854,000 bales during the first 4 months of 1931-32 and were the largest for the period since 1928-29.

Japan continued to take very large amounts of American cotton. Total exports to Japan for the first 4 months of the season amounted to 802,000 bales compared with 643,000 bales during the like period last season and 678,000 bales during the first 4 months of 1931-32. Exports to Japan during these 4 months this season were the largest for a similar period in history. The United Kingdom, France, Italy, and China are other important foreign countries which have taken larger amounts of American cotton during the first part of this season than during the like period last year.

Exports of Indian and Egyptian cotton

During the 5 weeks ended December 7 total exports of cotton from India amounted to 102,000 running bales of approximately 400 pounds, according to data from the Commercial and Financial Chronicle. This was about the same as during the like period of last season but 22 percent less than in the corresponding 5 weeks of 1931-32. The amount exported from India to Japan and China combined for the 5 weeks was reported at 23,000 bales compared with 47,000 bales in the like period last season and 78,000 bales in the corresponding period of 1931. The larger exports to Great Britain and the Continent brought the total to all countries to approximately the same level as during the 5 weeks ended December 7, 1932 despite the much lower exports to Japan and China.

Total exports of Indian from August 1 to December 7 amounted to 397,000 bales which was 30,000 bales less than during the like period last season and 210,000 bales less than the corresponding period of 1931-32. The total exports to Japan and China from August 1 to the first week in December amounted to only 78,000 bales compared with 195,000 and 394,000 bales during the like periods of last season and the season before, a decrease of 60 and 80 percent respectively. The decrease in the exports to these two countries may be attributed to both the Japanese boycott on Indian cotton and the larger Chinese crop. Stocks of Indian cotton at Bombay in recent weeks have been larger than at the corresponding dates for several years.

Exports of Egyptian cotton during the 5 weeks ended December 6 which amounted to 208,000 bales of approximately 750 pounds were more than twice as large as exports during the like period last season and 48 percent larger than in the same period of 1931-32. Great Britain, the Continent and the United States all took considerably larger amounts than a year earlier. From August 1 to December 6 total exports from Egypt reached 434,000 bales, 69 percent higher than during a year earlier and were the largest for the period for several years, reflecting both the larger mill consumption in foreign countries and the larger Egyptian crop. Receipts of Egyptian cotton at Alexandria from August 1 to December 6 were 62 percent larger than during the like period last season and 6 percent larger than the corresponding date in 1931-32. The 1933-34 crop is estimated to be 77 percent larger than that of 1932-33.

Textile Situation

United States

Domestic mill consumption declined somewhat further during November, the total consumption amounting to 475,000 running bales compared with 504,000 bales during October and 502,000 bales during November 1932. A part

of the decline from October to November may be accounted for by a slightly smaller average number of working days for the country as a whole than during October, since more mills probably observe Thanksgiving than observe Columbus day. Except for these two holidays, the number of working days were the same in each month. Total cotton consumption in the United States from August 1 to the end of November amounted to 2,067,000 bales compared with 1,902,000 bales during the first 4 months of last season, 1,776,000 bales in 1931-32, and 1,605,000 bales from August 1 to November 30, 1930-31.

Sales of cotton goods during November were probably below production and shipments so that mills have reduced their unfilled order lists to the point where they feel further curtailment is desirable. While most mills are said to be very cautious about keeping down stocks the industry apparently felt the need for some uniform restriction on activity since representatives of the industry recently drew up a resolution requesting the N.R.A. to restrict the hours of machinery operations during December to 75 percent of the maximum previously allowed. This request has been granted and the cotton textile code revised so that during December the maximum number of hours the machinery may operate will be 60 per week instead of 80. Trade reports indicate that mills have succeeded in keeping their stocks of cotton textiles from accumulating. It is said that in some lines of goods, stocks are now smaller than a year ago. The extent to which the reduction in the maximum number of hours will restrict cotton consumption during December will probably be considerably less than 25 percent, the reduction in the maximum hours allowed, for two reasons. First, many mills were not operating at the maximum previously allowed and, second, many mills ordinarily shut down for several days around Christmas time anyway.

Great Britain

Cotton textile mill activity was apparently somewhat higher in November than in October, and considerably higher than in November last year. According to the New York Cotton Exchange Service spinning mill activity in November was around 80 percent of normal.

Exports of cotton piece goods increased considerably during November, the 170,000,000 square yards exported being 9 percent larger than in October, the highest for any month since last April, and the largest for the month of November since 1929. Exports by destination have not been received yet, but it is felt that this improvement in exports reflects greater shipments to India as a result of the increase in the Indian tariff on non-British piece goods which went into effect several months ago. During October exports of piece goods from Japan declined somewhat, due, it is said, to smaller exports to India.

Continental Europe 1/

The more pessimistic tone noted on continental European textile markets during recent months continued through November. New business of cotton spinning and weaving/mills declined still further and, considered in the light of the

1/ Based largely on a report prepared by Donald F. Christy, Assistant Agricultural Attache' at Berlin, Germany, dated December 6.

more favorable developments earlier this year, is now below seasonal expectations. A curtailment of mill activity now seems imminent as new orders have not been sufficient to prevent a decline in the unfilled orders on hand. So far, however, such reductions in mill activity as have occurred have been very moderate, and old orders are still sufficient to keep mills on a fair level of occupation for some time to come.

With the exception of some parts of France, spinners' sales of cotton yarn during November were generally quiet. Business in cotton-yarn was decidedly handicapped by the mild weather prevailing throughout the month. Since the first of December, however, a sharp change to winter weather has been experienced throughout the Continent, and an increase in business is expected. The above conditions have also brought a reduction in the sales of fabrics by cotton weavers.

As previously mentioned, the occupation of the continental cotton textile industry showed little change during November although a declining tendency was noted in places. Mill activity data for November are not yet available but in view of the decline in mill activity that occurred during September and October it is certain that the present level of spinner and weaver occupation is noticeably below that of the middle of the year.

Spinner buying of raw cotton during November continued in fair volume and price-fixing was also moderate. German spinners showed an increased buying interest immediately after the national election around the middle of the month, but this also slackened later on. Trade observers attribute the cautious attitude of European buyers to the uncertainty regarding currency developments in the United States.

Germany

Business of German cotton spinners and cotton weavers during the month of November remained rather quiet and was below seasonal expectations. The textile retail trade as well as ultimate consumers appeared reluctant to buy more than was absolutely necessary for immediate needs, and unfilled orders were generally reduced.

The detailed German spinner report for the month of October now available indicates a continued quiet business in cotton yarn, though some revival was noted in the case of special types of yarn. These latter probably include the fine counts which since the beginning of August have been protected by an increased tariff. Mill activity in October, the report says, was maintained and, for reasons just indicated, fine spinning mills showed a slight improvement in occupation. Strong domestic as well as foreign competition is said to have prevented an improvement in spinner margins. The detailed report of weavers for the month of October complains of unsatisfactory business in winter goods, as a result of mild October weather. New orders were especially disappointing in the case of colored fabrics, while some other branches showed a slight improvement. Exports of fabrics tended to increase, but the boycott against German goods is still felt. Mill occupation was maintained by old unfilled orders.

Mill activity during November appears to be little changed from October levels, but some slight recession is indicated as a result of the reduced level of unfilled orders.

German cotton spinner buying of raw cotton through Breman was rather quiet during the first half of the month, but showed a considerable revival following the outcome of the elections. Toward the end of the month, though, buying was again much quieter. Price-fixing was also of moderate volume and import purchases by Bremen merchants moved about in line with spinner buying.

Czechoslovakia

The summer revival previously reported has given way to a rather unsatisfactory state of affairs in the Czechoslovakian cotton textile industry. The latest report from the Czechoslovakian National Bank indicates that the cotton industry's domestic sales are slow and unprofitable, because of cut-throat competition. Exports also continue very unsatisfactory, and mill occupation is low. Separate indices of mill occupation for the cotton industry are lacking but the monthly coal consumption of the textile industry as a whole is given in the following table.

Monthly coal consumption of textile industry, 1930-1933
(Hard coal equivalent)

Month	1930	1931	1932	1933
	1,000 tons	1,000 tons	1,000 tons	1,000 tons
Jan.	85.1	85.1	71.5	73.3
Feb.	79.5	75.4	68.1	62.9
Mar.	75.6	79.9	73.3	60.8
Apr.	71.7	70.5	66.5	46.4
May	64.8	56.9	44.2	51.2
June	57.4	58.5	43.1	44.8
July	53.9	60.6	39.0	43.8
Aug.	73.7	65.5	50.5	47.9
Sept.	83.6	74.7	58.7	57.3
Oct.	87.2	84.0	71.8	
Nov.	83.3	74.2	79.7	
Dec.	80.6	84.8	75.7	

Compiled from reports of the Czechoslovakian National Bank.

A survey of the export surplus of yarn and finished fabrics from Czechoslovakia shows that, as compared with last year, the yarn surplus has increased while the fabrics surplus has declined. This development is rather unfavorable and is causing much concern to industrial leaders. It appears that Czechoslovakian yarn exports have been used in expanding the factories and equipment for further processing in the Danubian countries.

The continuance of the present difficulties in the Czechoslovakian cotton industry is, as has been repeatedly pointed out, the result of the strong dependence of Czechoslovakia on its export business which in recent years has been so greatly reduced. Practically all the continental countries have shown a considerable improvement in the activity of cotton textile manufacturing during the current year and much of this improvement has been

retained, but this very fact has reduced the markets for Czechoslovakian exports. As a result the industry has shown considerable interest in recent proposals of Czechoslovakian economists to devaluate the currency by a moderate percentage and thus try to improve the export trade.

Austria

No new reports were received from Austria for the month of November, but no great changes are looked for. The latest report of the Austrian Institute for Economic Research relates to the month of September and indicates an improvement for that period. Developments in the 3 months July, August and September, 1933, as compared with the same period last year, are shown in the following table.

Cotton spinning mill activity - Percent of "full" capacity

	July	August	September
1932	58	61	62
1933	63	75	77

Cotton yarn production - Monthly average 1923-1931=100

	July	August	September
1932	82	87	89
1933	88	118	122

Unfilled orders and yarn stocks with spinners - Monthly average 1923-1931=100

	Unfilled orders				Yarn stocks		
	July	August	September		July	August	September
1932	67	82	79	1932	106	104	97
1933	101	112	120	1933	73	79	83

Weavers' raw material requirements, serving as index of weaving Mill activity - Monthly average 1923-1931=100

	July	August	September
1932	112	121	108
1933	89	120	120

Compiled from reports of the Austrian Institute for Economic Research.

Mill activity of cotton spinners showed a significant increase in the above 3 months and was greatly above the same time last year. The same is true of the amount of unfilled orders on hand. Yarn stocks with cotton spinners, however, have increased but are still well below last year. Weaving mill activity in July was considerably below that month last year, but by September had risen to a level much above the same month in 1932.

Recent negotiations with Germany have cancelled much of the cotton yarn contingent previously reserved for Austrian cotton yarn to be imported into Germany. This reduction in the contingent is of no particular immediate importance for Austria as German takings of Austrian yarn have long remained well below the contingent.

France

Business of French cotton spinners and cotton weavers continued quiet during November and the revival which had been noted toward the end of October could not be sustained. Most of the complaints, as usual, were received from the district of Roubaix-Tourcoing, while Rouen, for the Normandy textile section, reported more favorable conditions and the yarn business there was apparently satisfactory. November sales of cotton fabrics were considerably below those of October. Developments were especially unsatisfactory in colored fabrics in which there has been a considerable accumulation of stocks. Hopes are maintained that the setting in of winter weather at the beginning of December will bring about some improvement in business.

Belgium

The recent Manchester State of Trade Report published in the October/November issue of the International Cotton Bulletin indicates that the cotton textile mills in Belgium were working at about 60 to 65 percent of their capacity during August and September. The export trade continued unsatisfactory and there were complaints of competition from Japan.

Italy

The Manchester State of Trade Report also confirmed our previous statement that mill occupation in the Italian cotton industry during the third quarter of 1933 was considerably above that of the corresponding period in 1932. It is indicated that most of the increase in production was absorbed by the domestic market while sales abroad continued unsatisfactory.

Poland

The Manchester report presents the following table on the mill activity of those cotton spinners controlled by the cartel:

An explanatory note indicates that the low occupation during the period February 20 to April 16, 1933, was due to a workers' strike.

Occupation of cotton spinning mills controlled by the cartel in Poland, stated periods, 1933

Period 4 weeks ended	Spindles under control	Average actual occupation	Percentage of 46 hours weekly full production
	Number	Average	Percent
Jan. 22	1,515,624	129.02	76.8
Feb. 19	1,515,624	136.22	77.4
Mar. 19	1,515,624	84.87	46.12
Apr. 16	1,515,624	96.96	52.70
Apr. 23	1,515,624	42.60	112.10
May 14	1,308,994	136.92	105.32
June 11	1,308,994	204.19	121.54
July 9	1,271,994	184.32	109.72
Aug. 6	1,271,994	222.49	120.92
Aug. 14	1,271,994	56.35	122.50
Sept. 3	1,515,624	163.11	125.47
Oct. 1	1,526,488	219.43	119.26

Japan 1/

Despite the declining exports of cotton piece goods from Japan during the past 3 months, weaving mill activity in Japan has apparently been well maintained and the demand for cotton yarn good, yarn stocks continued small, and yarn production maintained at very high levels. In fact, yarn production reached a new peak in November, the 281,000 bales produced representing an increase of 14,000 bales over the October production, which was the largest amount ever produced in Japan up to that time. The highest previous November production was in 1929 when 256,000 bales were produced.

As yet no word has been received of any settlement of the Indo-Japanese tariff-boycott controversy. Imports of Indian cotton into Japan have declined to almost nothing, the forward contracts made prior to the boycott apparently having been practically completed. During October imports of Indian cotton into Japan amounted to only 1,700 bales of approximately 478 pounds compared with 80,000 bales in October last year and an average of 80,000 bales in October during the 5 years ended 1932. Imports of American cotton during October, on the other hand, totaled 123,700 bales compared with 90,000 bales in October last year and a 5-year October average of 71,000 bales. Total imports of all cotton amounted to only 164,000 bales compared with 195,000 bales last year and an average for October during the last 5 years of 181,000 bales despite the record breaking mill activity. Stocks of raw cotton in Japan at the end of October were still rather large, the total of 445,000 bales approximately 500 pounds gross, comparing with 415,000 bales a year earlier, and 167,000 bales 3 years earlier. Stocks of American cotton on October 31 amounted to 274,000 bales compared with an average for the end of October of 121,000 bales during the 5 years ended 1932. Stocks of Indian cotton on October 31 this year totaled 137,000 bales compared

1/ Based largely on a report from Vice Consul McConoughy at Kobe, transmitted by radiogram December 1 from Shanghai, China.

with 73,000 bales a year earlier, 70,000 bales 2 years earlier and 53,000 bales at the end of October, 1930.

Cloth exports during October amounted to 171,000,000 square yards which represented a decline of 20,000,000 square yards from the August exports and about 30,000,000 as compared with November, 1932. Much of the decline in cloth exports is reported as being due to the decline in exports to India. The decline in exports has not been viewed with much concern apparently, judging from the record levels of mill activity. However, if exports of cloth from Japan to India continue to decline and Japan continues to take only a negligible amount of India cotton, it is felt that the situation will soon force an agreement of some sort between India and Japan concerning the tariff and boycott.

China 1/

Cotton textile mill activity in China during the first part of December was reported at about 90 percent of capacity, which was about the same as a month earlier, but much higher than the activity existing during the summer. It is reported that the tendency during the past few weeks has been for the mills to shift toward coarser yarns using the cheapest cotton available. This tendency indicates an effort to meet the demand from the interior of China which has been for low count cheap yarn. The yarn market in China has been in a serious condition in recent weeks, with the heavy stocks and lack of demand resulting in substantial declines in yarn prices. The Chinese Cotton Control Commission which was formed to relieve the conditions in the yarn market has recently sold the yarn purchased by it and it is said that the commission was not very successful in its effort to support the yarn market. The shifting toward the cheaper yarn is said to have created much interest in Indian Bengals which is quoted below Native Chinese cotton and considerably below American cotton.

The Chinese Loan Syndicate is said to have purchased about 13,000 bales of American cotton during November, some of which is for forward shipment and only for account of Chinese mills. It is said that Japanese mills in China are still not buying loan cotton, but are obtaining American cotton by direct purchase in the United States.

Production, acreage, and crop conditions

Estimated world production and acreage

On the basis of information received up to December 22 the preliminary estimate of the 1933-34 world cotton production is placed at 25,500,000 bales of 478 pounds. This represents an increase of 1,900,000 bales or 8 percent over the revised estimate of the 1932-33 crop which is now placed at 23,600,000 bales. While the present preliminary estimate of world production for the 1933-34 season is much larger than the estimate for the previous season it is still considerably less than the 27,500,000 bales produced in 1931-32 and 600,000 bales less than the average production for the 5 years ended 1931-32.

1/ Based largely on a radiogram from Agricultural Commissioner Dawson at Shanghai on December 13.

The present estimate of the domestic crop is 13,177,000 bales or 175,000 bales larger than the 1932 crop so that most of the increase in world estimate is due to increased production in foreign countries. The world estimate less the United States production gives a preliminary estimate of foreign production in 1933-34 of 12,323,000 bales. This figure is 1,725,000 bales larger than the estimate for 1932-33, and 840,000 bales larger than the average for the 5 years ended 1931-32. Most of the increase in the 1933-34 foreign production is accounted for by the return of more normal production in such countries as Egypt, India, Brazil, Mexico, and China after 1 or 2 years of reduced crops. Except for the reduction in these countries during the past two or three seasons foreign production in those years would have reached unusually high levels due to the marked increase which occurred in Russia. In 1931-32 and 1932-33 cotton production in Russia averaged about 1,800,000 bales compared with an average for the preceding 5 years of less than 1,533,000 bales. The principal increases in foreign production in 1933-34 as compared with 1932-33 occurred in Egypt, India, China, Brazil, and Mexico. See table on following page.

The present information on the 1933-34 acreage in the various cotton producing countries of the world indicates that the total world acreage may be around 74,700,000 acres compared with an estimated total in 1932-33 of 76,500,000 acres. The decrease of 2.4 percent in the 1933-34 estimated world total is accounted for by the decrease which occurred in the United States since acreage in most of the foreign countries increased somewhat. Despite the increase in foreign acreage the estimated world total is the smallest since 1923-24. The estimated total acreage outside the United States for 1933-34 is 44,556,000 acres compared with 40,561,000 acres in 1932-33, 42,095,000 acres in 1931-32 and an average of 41,124,000 acres for the 5 years ended 1931-32.

United States

The December estimate of domestic production indicated a 1933 crop of 13,177,000 bales of 478 pounds which represented an increase of 77,000 bales over the November estimate and an increase of 175,000 bales over the crop of 1932, but is almost 1,500,000 bales less than the average production in the United States during the 5 years ended 1932. The December estimate is the last official estimate on the size of the 1933 crop. In March the Bureau of the Census releases a report on ginnings which is subject to revisions and includes an estimate made by ginners as to the amount of cotton which will be ginned after the March canvass. This figure will be very near the final figure which will be released about the middle of May.

The 1933 crop is running decidedly lower in grade and longer in staple on the average than did the 1932 crop, according to reports on the grade and staple of the cotton ginned to certain dates during the season. Of the American upland cotton ginned in the United States from the 1933 crop up to November 1, 25 percent was white strict middling and above compared with 34 percent last year. The proportion of white strict low middling and below was also less than in 1932, but the percentage of spotted cotton was more than three times as large as in 1932. The proportion of 7/8 inch cotton and shorter decreased from 43 percent last year to 39 percent this year. There was an increase in the proportion of cotton 15/16 and 1 inch, a slight decrease in the proportion of cotton 1-1/16 to 1-1/8 inches, and an increase in 1-3/16 inches and longer.

Cotton: Acreage and production in countries reporting for 1933-34 with comparisons

Country	1930-31	1931-32	1932-33	1933-34	Percentage 1933-34 is of 1932-33
Acreage	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
United States	42,454	38,705	35,939	30,144	83.9
India 1/	23,014	22,358	20,761	22,714	109.4
Russia	5,911	5,346	5,139	4,800	93.4
China	5,228	4,800	5,630	6,000	106.6
Brazil	1,435	1,500	1,536	2,039	132.6
Egypt	2,162	1,747	1,135	1,873	165.0
Chosen	473	472	393	429	109.2
Mexico	390	319	188	421	223.9
Bulgaria	13	13	20	79	395.0
Greece	50	46	49	75	153.1
Syria and Lebanon	60	75	20	19	95.0
Spain	45	14	20	19	95.0
Eritrea	6	7	5	12	240.0
Total above countries	79,241	75,402	70,837	68,624	96.9
Est. world total	84,100	80,800	76,500	74,700	97.6
Est. total in foreign countries	41,646	43,095	40,561	44,556	109.8
Production	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	Percent
United States	13,932	17,095	13,002	13,177	101.3
India	4,373	3,368	3,779	4,000	105.8
China	2,250	1,785	2,260	2,500	110.6
Egypt	1,715	1,317	1,028	1,819	176.9
Russia	1,589	1,843	1,778	1,800	101.2
Brazil 2/	387	431	226	472	208.8
Mexico	178	210	95	223	234.7
Chosen	149	101	127	147	115.7
Bulgaria	4	5	8	21	262.5
Turkey (Asiatic)	74	91	28	19	67.9
Fr. Equatorial Africa	3	5	12	19	158.3
Spain	7	4	5	9	180.0
Total above countries	24,661	26,255	22,348	24,206	108.3
Est. world total	25,800	27,500	23,600	25,500	108.1
Est. total in foreign countries	11,868	10,405	10,598	12,323	116.3

Division of Statistical and Historical Research. From official sources, International Institute of Agriculture and estimates of the Bureau of Agricultural Economics.

1/ Third estimate, which includes area planted up to December 1.

2/ The Northern States which during the 3 years 1930-31 through 1932-33, produced about 70 percent of the total Brazilian crop.

Egypt

The Egyptian Government is now estimating that the 1933-34 crop will be 1,819,000 bales of 478 pounds. This represents an increase of 177,000 bales over the early estimate and 791,000 bales or 77 percent over the 1932-33 crop, and 51,000 bales larger than the 1929-30 crop, the previous record crop. The area was reported at 1,873,000 acres which is 65 percent larger than the 1932-33 acreage, but less than the acreage in 1930-31, 1929-30, or 1925-26. The indicated yield per acre in Egypt for the 1933-34 crop is 464 pounds compared with a yield in 1932-33 of 433 pounds per acre and an average for the 10 years ended 1931-32 of 392 pounds per acre.

There are three factors which probably account for the unusually large yield per acre this season; first, very favorable growing and harvesting conditions, second, a considerably larger proportion of higher yielding varieties, and third, the fact that some of the land devoted to cotton this year has not been planted to cotton for 2 or 3 years due to the change in crop rotation which grew out of the reduced cotton acreage during 1931-32 and 1932-33. The acreage planted to Sakellaridis, (one of the smallest yielding varieties grown in Egypt) was only 21.7 percent of the total in 1933-34, whereas during the previous 5 years the Sakellaridis acreage averaged 38.9 percent of the total. This fact alone would tend to cause yields in Egypt to be high this season.

India

The first official estimate of Indian production was received by cable December 21 from the Indian Government. This estimate which was based on the acreage and conditions as of December 1, indicated that the total 1933-34 Indian crop might be expected to be around 4,000,000 bales of equivalent 478 pounds compared with an estimate of 3,779,000 bales for the 1932-33 crop. The average production, for the 10 years ended 1928-29 was 4,451,000 bales, according to the estimates of the Indian Government.

Russia

According to the International Institute of Agriculture at Rome the acreage in cultivation in Russia in June was about 4,980,000 acres which, judging from Russian acreage reports in past years, indicates that the 1933-34 harvested area may not exceed 4,800,000 acres, which is 339,000 acres less than the reported harvested acreage for 1932-33. The Institute reported in October an estimate of 1,964,000 bales for the 1933-34 Russian crop, although this estimate is apparently based on the planted or in cultivation acreage. At any rate it is believed that the final production estimates when they become available will be somewhat lower than the current and earlier estimates. During the past few years the final estimate has been from 200,000 to 500,000 bales or more, below the early estimates.

On the basis of past yields, this year's reported acreage and probable harvested acreage, and reports on crop conditions, it is estimated by this Bureau that the 1933-34 crop will be about the same as last season's crop. The 1932-33 crop is now reported at 1,778,000 bales so that for the present at least the preliminary estimate for 1933-34 is placed at 1,800,000 bales. This

compares with the average production for the 5 years ended 1932-33 of 1,533,000 bales, and an average for the 5 years ended 1930-31 of less than 1,200,000 bales.

This year's cotton procurings are nearing completion earlier than last year, according to a report from the Agricultural Attache's office in Berlin prepared in early December. Total procurings for the Union as a whole were reported to have equalled 84.1 percent of the yearly plan on November 20, which is a considerable improvement over procurings at the same time a year ago. Procurings on November 25, 1932 - the nearest comparable date available - amounted to only 68.5 percent of the yearly plan. This favorable development of cotton procurings has apparently been due to good progress in the chief cotton producing region of the Union - Middle Asia - where fully 93 percent of the yearly plan was delivered by November 25, this year. On the other hand, developments in the so-called "new cotton regions" are very unsatisfactory, with procurings from Ukraine less than 1 percent of the yearly plan at the end of November. There, it appears, the crop has turned out very unsatisfactory and the plan is not expected to be fulfilled. It is true, weather conditions were extremely unfavorable for cotton growing this year in Ukraine. Weather reports from the Kherson station (South Ukraine) indicate the lowest summer temperatures in the past 52 years as well as an abundance of rainfall, cloudy days, and early frosts. However, it is stated that weather developments were not alone responsible for the conditions in Ukraine as notwithstanding these meteorological conditions the best collectives were able to harvest 3 - 5 centners per hectare. Late sowing, but above all improper cultivation and late harvesting were largely responsible for the crop failure in Ukraine. The fact that cotton in Ukraine is a very secondary and new crop has apparently resulted in a very careless attitude toward all field work connected with that crop. As a result, it is reported that 73 percent of all the cotton acreage was badly infested with weeds.

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